

THE BANKRUPTCY ACTS, 1914 and 1926

IN THE WAKEFIELD COUNTY COURT.

IN BANKRUPTCY.

No. 1 of 1972.

RE: JOHN GARLICK LLEWELLYN POULSON

PUBLIC EXAMINATION OF THE DEBTOR.

Before MR. REGISTRAR Garside

at the Court

this 13th day of June 1972.

PRESENT:

THE OFFICIAL RECEIVER: Mr. W. A. Bishop.

FOR THE TRUSTEE: { Mr. Muir Hunter, Q.C.
 { Mr. Graham.
 { Mr. Crystal.

FOR THE DEBTOR: Mr. L. Saffman.

These are the Notes of the Public Examination,
referred to in the Memorandum of Public Examination,
of taken before me
this day of 19.

Registrar.

The above-named debtor, being sworn and examined at the time and place above mentioned, upon the several questions following being put and propounded to him, gave the several answers thereto respectively following each question, that is to say :

JOHN GARLICK LLEWELLYN POULSON, sworn,
Examined by THE OFFICIAL RECEIVER:

1. Q. Will you give the Court your full and true name?
A. John Garlick Llewellyn Poulson.
2. Q. How old are you? A. Sixty-two.
3. Q. When you left school in 1928 did you enter into articles with a firm of architects? A. Yes.
4. Q. And did you complete four year's articles on the 30th June, 1932? A. Yes.
5. Q. And did you become a member of the Royal Institute of British Architects? A. Later.
6. Q. After that? A. Yes.
7. Q. Did you marry in 1939? A. Yes.
8. Q. And did you live with your father until 1954, when you had the dwellinghouse known as "Mannesseh",

- about £60,000? A. Yes. I lived with him in Knottingley, though, not there.
9. Q. You lived at Knottingley with your father? A. Yes.
10. Q. And you built that house with the aid of a bank loan, did you not? A. Yes.
11. Q. On the 1st July, 1932, with cash capital of £50 did you start a practice as an architect from rented premises at Yorkshire Penny Bank Chambers, Ropergate, Pontefract? A. Yes.
12. Q. And did you open an account at Barclay's Bank? A. Yes.
13. Q. And were you ultimately allowed overdraft facilities? A. Yes.
14. Q. And did they rise to £250,000? A. After the war.
15. Q. After the war? A. Yes.
16. Q. That was without security, was it? A. Yes.
17. Q. In 1938 did you transfer your practice to 29, Ropergate, Pontefract? A. Yes.
18. Q. Were those rented premises? A. Yes.
19. Q. From the outset was your practice profitable? A. Yes.
20. Q. And did it steadily expand from 1939 onwards? A. Yes.
21. Q. And would it be true to say that by 1968 you were employing 750, and you had the largest architectural practice in Europe? A. Approximately that in all with the engineers; they were not only architects, there were all the ancillaries.
22. Q. Could you lean forward a bit? Will you try and avoid lowering your voice? A. Yes, sorry. They were not only all architects, they were engineers and other professions.
23. Q. Initially, did you undertake any work that became available? A. Yes.
24. Q. Did you then concentrate on carrying out work for breweries? A. Before the war this is.
25. Q. During the war years did you carry out work for various Government departments? A. Yes.
26. Q. And from 1945 to about 1960 did you concentrate on national housing schemes, industrial buildings, motor car showrooms and service stations? A. Yes.
27. Q. Subsequently, did you design and act as architect in respect of hospital buildings, harbour installations, office blocks, railway stations and other large contracts? A. Schools,

28. Q. In 1946 did you open a branch office from leased premises at 46, Catherine Place, London S.W.1? A. Yes.
29. Q. And in 1951 did you open a further branch from rented premises in Albert Road, Middlesbrough? A. Yes.
30. Q. Did you transfer that office in 1954 to other premises in Albert Road? A. Yes.
31. Q. In 1956 did you buy the property in Pontefract, 29 Ropergate, at a cost of £6,190? A. Yes.
32. Q. Did your bank help you to buy that? A. Yes.
33. Q. And then in 1958 did you buy the property 46, Catherine Place, London S.W.1. at a cost of £12,267? A. Yes.
34. Q. And once again the bank provided the money. From 1932 to 1958 did your drawings increase from £200 a year to £20,000 a year? A. Yes.
35. Q. And that included income tax and surtax? A. Yes.
36. Q. At 30th June, 1958, if you will accept the figures from me, according to your accounts you had a credit balance of £20,465 on your capital account? A. Yes.
37. Q. You have produced accounts for the year ended 30th June, 1959, which show that you made a net profit of £9,947 on fees of £109,911; your drawings including income tax totalled £23,143, and as at 30th June, 1959, you had a credit balance of £7,269 on your capital account? A. Yes.
38. Q. In 1960 was the property 46, Catherine Place revalued at £21,854? A. Yes.
39. Q. And in that year your accounts show that up to the 30th June, 1960, you made a net profit of £27,000 on fees of £162,000, and that your drawings totalled £38,000, and your capital account balance was a credit of £6,160? A. Yes.
40. Q. And also in 1960 did you sell the property 46, Catherine Place for £21,854, that is the amount of the revaluation? A. Yes.
41. Q. And did you transfer your London branch office to 15, Greycoat Place, London S.W.1? A. Yes.
42. Q. And did you obtain a 14 years' lease at an overall rent of £5,500 a year? A. Yes.
43. Q. Did those premises comprise first and second floors? A. Yes.
44. Q. One floor was used as a flat and the other as offices? A. Yes.

45. Q. And did you occupy the flat from June, 1968, when you were in London? A. Yes.
46. Q. Also in 1960 did you open a branch office from leased premises at 4, Heriot Row, Edinburgh? A. Yes.
47. Q. Now, the next year's accounts to 30th June, 1961, show that you made a net profit of £29,000 on fees of £241,000; your drawings totalled £28,000, and you had a credit balance of £6,820 on your capital account? A. Yes.
48. Q. So that you were not progressing much, Mr. Poulson, at that time, were you? Most of your profit was being absorbed by your personal drawings and income tax; you were not accumulating much in the way of capital, were you? A. No.
49. Q. Now, in 1961, because your business was expanding, did you carry out alterations at a cost of £20,800 to 29, Ropergate, Pontefract? A. Yes.
50. Q. And to provide further working capital did you sell the property for £74,000 to an insurance company? A. Yes.
51. Q. Did you then obtain a 35 years' lease of the property at a rent of £5,775 a year? A. Yes.
52. Q. The next year's accounts to 30th June, 1962, show that you made a net profit of £59,000 on fees of £395,000; your drawings totalled £26,000 and your credit balance on capital account went up to £87,000? A. Yes.
53. Q. The following year your profit was £68,000 on fees of £526,000; your drawings were £40,000, and your capital account increased to £115,000? A. Yes.
54. Q. Now, before that, in an effort to reduce the incidence of taxation, on the 24th October, 1958, did you form a company known as Ropergate Services Limited with a nominal capital of £100 in £1 shares? A. Yes.
55. Q. Did you form that company to act as a service company to your practice? A. Yes.
56. Q. And were you appointed Director on the 4th December, 1958, and did you resign on the 31st March, 1960? A. Yes.
57. Q. And then were you reappointed on the 13th May, 1966, with the permission of the Architects' Registration Council? A. Yes.
58. Q. When the company was formed, did you subscribe for 99 £1 shares, and did a Mr. Gomersall subscribe for one share? A. Yes.

- Q. And Mr. Gomersall later became a silent partner in the practice? A. Correct.
60. Q. Now, did the company start business when it was incorporated?
A. No.
61. Q. Why was that? A. I could not answer that question.
62. Q. Was there some difficulty with the Architects' Registration Council? A. Yes, there was for a long time, getting it through.
63. Q. And did it, in fact, not start business until 1963?
A. Correct.
64. Q. And from then until 30th June, 1964, did it supply you with the services of unqualified staff and stationery? A. Yes.
65. Q. In 1964 did you buy the property St. Catherine's House, which you later named Churchill House, Mill Hill, Pontefract, at a cost of £3,170? A. Yes.
66. Q. And subsequently was that property occupied by the engineering side of your practice? A. Yes.
67. Q. And 29, Ropergate was occupied by the architectural side?
A. Yes.
68. Q. And was 29, Ropergate also occupied by Ropergate Services Limited? A. Yes, at that time.
69. Q. Now, the next accounts I want to refer to are for the year ended 30th June, 1964. Do those show that you made a net profit of £136,000 on fees of £613,000; your drawings totalled £58,000, and as at 30th June, 1964, you had a credit balance of £200,000 on your capital account? A. Yes.
70. Q. On the 1st July, 1964, did Ropergate Services take over from you office furniture, fixtures, equipment and motor cars at book values totalling £46,824? A. Yes.
71. Q. What was the purpose of that? A. Taxation.
72. Q. Taxation. And subsequently did the Ropergate Services supply you with the services of unqualified staff, stationery, equipment and vehicles? A. Yes.
73. Q. They supplied you at cost plus 7½% profit? A. Yes.
74. Q. And that was an agreed figure with the Inland Revenue?
A. Yes.
75. Q. Now, did Ropergate Services subsequently supply services to other companies, International Technical and Constructional Services Limited, Open System Building Limited, International Technical and Constructional Services (Africa) Limited and

- other companies which I will mention later? A. Yes.
6. Q. Is it fair to say that Ropergate were supplying all these services without any capital, or with inadequate capital, so that you were having to make payments on that company's behalf? A. Yes.
77. Q. And year by year Ropergate's indebtedness to you was increasing? A. Yes.
78. Q. In 1964 were you appointed architect and engineer to a company known as Construction Promotion Limited? A. Yes.
79. Q. And had that company been appointed management consultants for the design and erection of port facilities on the west coast of Africa at Mossamadees? A. No, Angola it is.
80. Q. Angola? A. Yes, not Mozambique, Mozambique is on the east coast.
81. Q. Not Mozambique, Mossamadees? A. Mosamadees, I am sorry, I thought you said Mozambique.
82. Q. Now, towards the end of 1964 was it suggested to you by two of your employees that it might be wise for you to separate the civil and structural engineering side of your business from your architectural practice? A. Yes.
83. Q. What was the advantage of that? A. Well, having got this harbour and being so successful, it was pointed out that if we separated the engineers, they could go on to the panel of the Institute of Consulting Engineers, which they could not do if it was associated with a firm of architects.
84. Q. So did you agree to that suggestion, and on the 1st January, 1965, were two new firms registered? A. Yes.
85. Q. J.G.L. Poulson, practicing as architects, quantity surveyors and town planners, and J.G.L. Poulson Associates, carrying on business as civil, structural, heating, ventilating and electrical engineers? A. Yes.
86. Q. Now, what was the effect of that, or the immediate effect? Was there any immediate effect? A. None whatever.
87. Q. Now, although two new firms had been registered, what happened in practise regarding the accounting side of the operations? A. Well, it later turned out that separate books were never kept.
88. Q. No separate books were kept, so it was just trading as it was before, just one practice with two divisions? A. Yes.

- Q. What was the agreement between these two employees --
Who were they? A. McCowan and Harvey.
90. Q. Mr. McCowan and Mr. Harvey. What was the arrangement
with them? A. That I was the consultant architect, I
had 90% of any profits that accrued and they had 10% for
their respective sections. One being a civil engineer,
and the other being a mechanical engineer.
91. Q. Can you repeat that, the shorthand writer cannot hear it?
A. Sorry. 90% of the profits were to go back to J.G.L.
Poulson because all the work was really for that firm as
engineers or structurals, and 10% for their respective
departments, one being a civil engineer, one being a
mechanical engineer, was to go to them, those two individuals.
92. Q. So 10% of the net profit of the work carried out by J.G.L.
Poulson Associates was to remain with Mr. Harvey and Mr.
McCowan? A. Plus, of course, these high salaries.
93. Q. The salaries they got paid? A. Yes.
94. Q. But you say no separate books of account were kept, so how
did you arrive at the net profit that they had from their
division? A. They never did. It appeared when I was --
I was not aware of this until the court case of Harvey,
they never did keep them and then, of course, it came out.
95. Q. When was this; was this in 1969? A. It started in 1968,
I think.
96. Q. So for three years you did not know that separate books were
not being kept? A. Well, of course, it was for two years,
because they started January 1st. There would not be any
accounts until the middle of 1967, would there?
97. Q. Well, you started off on the 1st January, 1965? A. I
thought it was 1966.
98. Q. So 1965, 1966, 1967 - getting on for three years? A. Yes.
99. Q. How did you discover that no separate books had been kept?
A. When it came to the Harvey case - and this had dragged
on for two years, because it was first to be settled by
arbitration, and then either the first arbitrator died or
the second one, and one fell ill and then I was advised to
fight it. Very bad legal advice.
100. Q. Now, what about your accountants and auditors, did they not
tell you? A. No.
101. Q. Did you have separate accounts prepared? A. No, they did
not. I do not think they kept them separate until this

case, and then they had to make the accounts up, and refer right back, and even after the Harvey case they did not keep new books in spite of that, I found out later.

- Q. Did your accountants and auditors know of this new arrangement that there were two separate practices?
A. Oh, yes.
103. Q. And in 1965 did you open a further branch office from leased premises at 18, Grosvenor Place, London S.W.1?
A. Yes.
104. Q. The next accounts produced are for the year ended 30th June, 1965, and they show a net profit of £106,000 on fees of £923,000; your drawings totalled £82,000, and as at 30th June, 1965, you had a credit balance of £225,000 on your capital account, and Ropergate Services was indebted to you in the sum of £95,000? A. Yes.
105. Q. Now, when you saw this large amount owing by Ropergate Services, did it concern you at all? A. No, not at that period.
106. Q. Now, in 1965, were you appointed architect to build a Law School forming an extension to the University of Lagos, Nigeria, at a cost of about £500,000? A. Yes.
107. Q. Your fee would be 12½%, would it? A. Yes. Plus expenses, yes. It was abroad, yes.
108. Q. Is that the normal scale? A. It is for everything; that is not just pure architects, that is engineers, everybody, quantity surveyors, the lot.
109. Q. Is that a fixed fee set down by the Architects' Council?
A. It is an accumulation of the fees, and it really grosses up to that figure.
110. Q. And when you obtained this contract did you open a branch office from leased premises at 121 Yakuba Gowan Street, Lagos? A. Yes.
111. Q. And you leased a flat there for the use of Mr. Gomersall, who was the resident architect at the time? A. Yes.
112. Q. In February, 1967, were you appointed architect to build Benin General Hospital, Benin, Nigeria, at a cost of about two million pounds? A. Yes.
113. Q. Was the Law School completed in 1969, but work did not start on the hospital because of the Nigerian Civil War? A. Well, it was occupied part of the period by the Biafrans, was Benin.
114. Q. So you did not start work on that contract until April or May

- 1970? A. Until after the war finished, that is right.
- Q. Were separate books kept for the Lagos office? A. Yes.
6. Q. Now, before that, in 1964, were you considering the question of building houses by certain industrial methods? A. I was asked to consider it.
117. Q. And did you eventually prepare some plans for building houses? A. Yes.
118. Q. And did you find that the costs were within the figures laid down by the Ministry? A. Yes.
119. Q. And, as a result, in March, 1966, did you acquire a ready-made company, Open System Building Limited? A. I didn't.
120. Q. Who did? Did your wife? A. Yes, she bought it.
121. Q. And the company had a nominal capital of £1,000 in £1 shares, and would it be true to say that throughout your wife held a controlling shareholding? A. Yes.
122. Q. She was the controlling shareholder? A. Yes.
123. Q. The company was obtaining contracts from local authorities to build these houses? A. Industrialised houses.
124. Q. Now, what part were you playing? A. Architect, and quantity surveyor.
125. Q. You were the architect, and you were getting normal scale fees? A. Yes.
126. Q. Were you getting anything else? A. Yes, £5 a house from the System Building Company as part of the contract.
127. Q. That was because it was your idea? A. Yes, because it was our plans - the patents work.
128. Q. Who was running the company? A. Well, up to the end, Sir Bernard Kenyon was the Chairman.
129. Q. Well, the company had not much capital, only a thousand pounds in £1 shares. Who was financing it? A. Well, Ropergate Services.
130. Q. And who was financing Ropergate Services? A. J.G.L. Poulson.
131. Q. So you were financing the company, really, were you not? It was going from you to Ropergate, Ropergate to O.S.B., and although your wife was the major shareholder and a number of directors from time to time, including, as you say, Sir Bernard Kenyon, were you in fact controlling it? A. No, because I never attended any board meetings.
132. Q. But you were providing the money, Mr. Poulson. Would it not be a question that you being the piper, you were playing

- the tune? A. No, not in this case, not with men like that. I think he would agree with you if he was here.
133. Q. Pardon? A. He would agree with you, he didn't take instructions - he was not the type to take instructions from anybody.
134. Q. Can you keep your voice up, because Counsel cannot hear you. Was this company successful? A. Very successful until this trouble started, and then they got cancellation of contracts, otherwise they would have paid off their debts that year.
135. Q. You really started operating this company from about March or April 1966? A. Yes. In the first case I was doing it not as Open System Building. I was asked by the Ministry of - the National Housing Agency as it was then - to explore the possibility of a Swedish housing system to come into this country. I was not very keen on doing this because I had had enough of system building on schools, but I was finally persuaded to and I explored this position for about 12 months and then gave up the position as impossible, because we could not get the cost down to the Ministry of Housing and Local Government figures.
136. Q. Now, you say that O.S.B. was profitable at first, but then there was some trouble. Now, in the middle of 1969 there was some publicity in a particular magazine? A. That is what killed it.
137. Q. "Private Eye". A. Yes. Two contracts for Nottingham Corporation and for Castleford finished it. Those two contracts would have paid off the indebtedness of O.S.B. to Ropergate.
138. Q. Now, are you saying that those contracts were cancelled as a result of the publicity, or was it because there was a cut back in Government spending? A. Both. No; in those particular two cases they were repeat orders, further extensions of adjoining sites.
139. Q. There were a total of three articles in "Private Eye", were there not? A. Yes.
140. Q. Three articles? A. Yes.
141. Q. And were they concerned mainly with your practice and O.S.B.? A. I cannot remember. I thought there was a lot about Mr. Morgan in them.
142. Q. The first one was mainly concerned with O.S.B.? A. I see.

- Q. Would you say that the information contained in those articles was factually correct? A. No.
4. Q. It was not factually correct? A. No.
5. Q. Was any action for libel taken against "Private Eye"?
A. I was advised not to because there was nothing to gain if I did it; they could not meet any costs.
146. Q. Well, I think they are still functioning. There have been quite a number of actions taken against "Private Eye"?
A. Yes, but I understand they have always been never able to get any fees as a result of it, and that was from Clifford Turners.
147. Q. Well, let us leave O.S.B. for the moment and go back to Construction Promotion Limited. Now, throughout its existence had that company concentrated on engineering projects overseas? A. Just one.
148. Q. Just one? A. Yes. Well, it did as far as I am concerned.
149. Q. But it was functioning before you came on to the scene, was it not, before you were appointed architect? A. Yes.
150. Q. And it was not competent, I take it, to undertake architectural projects as its staff were engineers? A. Well, it was not only that; it was our engineers who did the engineering work. We did not do any architectural work for them. They had not a technical staff; they were management consultants.
151. Q. You said at your Preliminary Examination that because of the envisaged architectural work available in Mexico, Peru, Abu Dhabi and the Middle East, and probably later West Africa, the company, International Technical and Constructional Services Limited (I.T.C.S.) was formed on the 30th December, 1966. Whose idea was this; was this your idea?
A. Well, no. What precipitated it, we had a number of connections with Vickers Limited, and one of the original directors was the Chairman and Managing Director of the Vickers Medical Division.
152. Q. That was Dr. Williams, was it? A. Yes. And the main constituent in doing overseas work in the building field is that you need finance arranging. Well, that is why Mr. Maudling came in, because at that time he was a director of Kleinwert Benson, the merchant bankers, and the other director was Sir Bernard Kenyon.

- Q. Yes, I agree they were the directors, but whose idea was it to form this company? A. Well, it started as a result of our connections with Vickers, and they thought we could capitalize on this in a further separate company. It was not one individual; it was as a result of a lot of discussions due to the events at that time.
154. Q. Well, the company started off with a nominal capital of £2,000, later increased to £3,000, in £1 shares. Now, did your wife subscribe for 2,000 £1 shares? A. Yes.
155. Q. And she was the major shareholder throughout, was she? A. Yes.
156. Q. Did the company start trading in January, 1967, from 18, Grosvenor Place? A. Yes.
157. Q. Were those your premises? A. I leased them - Ropergate Services leased them, yes.
158. Q. Did it later acquire the lease of premises at 121 Yakuba Gowan Street, Lagos? A. Yes.
159. Q. And then in 1968 it acquired the lease of premises in Beirut? A. Yes.
160. Q. That was a lease that you were holding at the time, was it? A. Yes. It was actually a room out of our existing architectural office, that is all.
161. Q. Now, what part did you play in the running of this company? A. Nothing; I did not even attend board meetings.
162. Q. You do not need to attend board meetings to control a company, Mr. Poulson -- A. I would respectfully suggest, I would --
163. Q. Your wife was the -- A. After all, I did not appear on behalf of her, and I would respectfully suggest two of those gentlemen would not have taken kindly to anything I would have said as to how they should run a company. They were more than competent, surely.
164. Q. Once again, where was the company's finances coming from? They were coming from you through Ropergate, were they not? A. Well, it turned out that way, but it was not expected that it would be quite as large as they ultimately were.
165. Q. But the company had no adequate working capital, had it? It had 2000 shares originally, so there was no promised capital there to start operations in the Middle East, so that the only money available was coming from -- A. But they were not starting from scratch. They had work available.

- was not just like opening an office and then going
and; they had work available to them, and they therefore
would be earning very quickly.
- And did the company earn very quickly? A. No, it did not.
Why was that, do you think? A. Well, there is all sorts
of suggestions. I would think the accountants are the best
people to answer that one. I would not know; we can all
have different ideas.
- Q. Now, in 1965, before you started I.T.C.S., did you open
this office in Beirut that we mentioned and did you employ
a Mr. Constandi Nasser there as your representative? A. As
a heating engineer, yes.
169. Q. He was an engineer, was he? A. Yes, a mechanical
engineer.
170. Q. And as a result of employing Mr. Nasser did you obtain
contracts in respect of various work in Abu Dhabi? A. No;
I.T.C.S. did, not me.
171. Q. Who was employing Mr. Nasser then, you or I.T.C.S? A. At
the beginning I did, but I.T.C.S. when they formed and they
got going and he produced these contracts, they took him over.
172. Q. But in actual fact you were still paying him through
Ropergate, were you not? A. No, through I.T.C.S.
173. Q. Let me put it this way, the actual pounds, shillings and
pence in those days were coming out of your pocket, whether
it came through Ropergate, through I.T.C.S. to Mr. Nasser?
A. I can assure you he did not consider he was employed by
me. He was very flattered to be employed by who he was.
174. Q. Yes, but the actual money to pay him eventually originally
came from you, did it not? A. He would not probably know
at that time.
175. Q. Now, the first two contracts that you were going to take,
were you told by Nasser that the commission was 5% instead of
the normal 12½? A. Correct.
176. Q. And was it because of that that I.T.C.S. came in? A. No;
I.T.C.S. got those contracts because the Chairman of I.T.C.S.
was known to the Ruler of that State.
177. Q. The Chairman was Mr. Maudling? A. And Managing Director.
178. Q. So what were you going to get, you were doing the work?
A. I was the architect, but I only did the sketch plans in
these cases.

179. Q. What percentage were you getting for that? A. One per cent, and we did the quantities only, but the engineers did the working drawings and supervised, because the fee was only 5% and it was too low, it was below the R.I.B.A. scale, so I could not participate beyond those two stages.
180. Q. Could the work have been profitable, then, at 5%? A. Well, the way they do it, and the way the engineers get extra site supervision fees, and all that, it just about broke even. But, of course, then it was the first in that area. But the reason for this was that all the work in that Persian Gulf area had not been done by architects, but done by engineers employing architects, and they had never been paid in excess of 5%, unfortunately.
181. Q. So was there any change in the situation? A. Well, they only did two more. They did four jobs, they got two one week and probably within a couple of months they got two more, and they negotiated, did I.T.C.S., and they were for the same client, the Ruler's eldest son.
182. Q. So all the money that was going into I.T.C.S. through Ropergate, was anything coming back? A. There didn't do; should have done.
183. Q. Let us come back to work in this country. In 1965 did you open further branch offices at 1, Newgate Street, Newcastle Upon Tyne, and 5/6 Park Terrace, Glasgow? A. Yes.
184. Q. And in 1966 did you carry out alterations to Churchill House, in Pontefract, at a cost of £15,000? A. Yes.
185. Q. And do your accounts for the year ended 30th June, 1966, show that your fees exceeded a million, £1,088,000, from which you made a net profit of £96,000? A. Yes.
186. Q. And your drawings, including surtax and income tax, totalled £117,000, and you had a credit balance on your capital account of £204,000 as at 30th June, 1966? A. Yes.
187. Q. And at that time Ropergate Services was owing you £105,000, and Open System Building Limited was owing you £670? A. Yes.
188. Q. And because of the expansion of your business, in 1966 did you buy the freehold property Reams House, Reams Terrace, Pontefract for £11,500? A. Yes.
189. Q. And with the aid of a mortgage loan did you carry out alterations at a cost of £38,000? A. Yes.
190. Q. Both to that property and also to Churchill House? A. Yes, for that year. There was more done the following year.

- Q. Now, the next accounts for the year ended 30th June, 1967, show that the net profit was £112,000 on fees of £1,159,000, and your drawings, including income tax and surtax, totalled £127,000, and as at 30th June, 1967, there was a credit balance of £189,000 on your capital account. At that date O.S.B. Limited was owing you £9,189; Ropergate Services Limited owed you £90,929, and I.T.C.S. £14,317, so that these associated companies of yours owed you a total of £114,000 as at the end of June 1967? A. Yes.
192. Q. Now, also in 1967 did you carry out further extensions to Reams House at a cost of £22,000? A. Yes.
193. Q. Now, draft accounts were prepared for you, were they not, for the year to 30th June, 1968? A. Yes.
194. Q. And do those show that on netfees of £1,034,000 you made a net profit of £54,000, after making a provision of £47,000 in respect of commission said to be due to I.T.C.S. Do you recall those accounts? A. Yes, I do.
195. Q. Your income tax, surtax and drawings totalled £14,000; you had a credit balance, according to these draft accounts, of £208,000. These were draft accounts; did you agree with them? A. No.
196. Q. What about this provision of £47,000 for commission to I.T.C.S.? A. That was the item I did not agree with.
197. Q. Where did that figure come from? A. I haven't the foggiest idea.
198. Q. Well, the accountants did not conjure it out of thin air, they must have got some instructions from someone? A. They must have got it from a request -- Whether it came then or later, I am not quite sure. I rather fancy it came later, it did not come through in the original, because there never had been, and there never has been, any discussion between anybody, ever, not even to this day, between me and anyone about commissions for I.T.C.S. or any other company; that is the boards of those companies.
199. Q. Was there any particular arrangement that you had with these associated companies? Were they all being financed by Ropergate or were you financing some directly from J.G.L. Poulson? A. No, none directly, all Ropergate, and it was a service charge of 7½%, and we did the work at the proper scales that the various Institutes laid down.
200. Q. What about the expenses, the payments they had to make, the

actual money that was paid out by these companies; that came from your practice originally, because that was the only one that was earning? A. Yes, but I mean they --

1. Q. Did it go through Ropergate, or did you advance money directly shall we say to I.T.C.S and O.S.B? A. They went through Ropergate.

202. Q. They all went through Ropergate. Now, because of all this money that was going out to these various companies, you must have been feeling the pinch during 1968, were you not?

A. Yes, with the credit squeeze and devaluation.

203. Q. And you must have been under some considerable pressure from the Inland Revenue? A. At the end of 1968.

204. Q. You see on the 18th November, 1968 -- A. I said the end; sorry.

205. Q. Yes, but on the 18th November, 1968, the Inland Revenue obtained judgment against you for £211,639, so there must have been some considerable pressure before judgment was obtained. The Inland Revenue do not rush blindly into litigation or into proceedings; they have got to take a number of steps before they take you to court. There must have been some pressure? A. Well, the people who were handling this were accountants and solicitors in London.

206. Q. But you were aware of the pressure, were you not? A. Yes.

207. Q. There was no hope of you paying this £211,000 at that time, was there? A. Oh, yes.

208. Q. How were you going to pay it? A. Well, out of one contract alone, in Saudi Arabia, and in fact we came to an agreement with the Revenue so much a month out of that.

209. Q. And how much a month were you going to pay? A. I cannot remember exactly, but it was over £30,000 a month.

210. Q. But the fact remains that in November, 1968 -- A. There will be correspondence to that effect.

211. Q. You were not in a position to pay this judgment debt, except by instalments out of future profits? A. Or if I had sued everybody else and sued big clients, yes.

212. Q. Well, the only ones you could sue would be the associated companies? A. No, Vickers.

213. Q. Vickers? A. Vickers were holding up the money.

214. Q. How much did Vickers owe you? A. At that time it would be over a million.

215. Q. Did you get paid? A. Some of it, eventually, after, but it all altered after --
216. Q. Did you say Vickers owed you a million? A. Yes.
217. Q. And you say you got paid some of it. How much of it?
A. I cannot tell you; I will have to look up the records.
218. Q. What was this million for? A. The hospital in Saudi Arabia.
219. Q. Whose contract was this; was this an I.T.C.S. contract?
A. No. There is an agreement which your office had, a draft agreement, between Vickers Limited and J.G.L. Poulson.
220. Q. What did this agreement contain, Mr. Poulson? A. Well, what we had to do for our fees, and what the fees were, and all the details about the work.
221. Q. There must have been an awful lot of work if Vickers were supposed to be owing you a million? A. There was the hospital in Iran as well. There was work in Mexico, all this - there were two hospitals in Mexico - but unfortunately they closed the department down.
222. Q. You mentioned at your Preliminary Examination a hospital to be built in Iran at a cost of £5,000,000? A. Correct.
223. Q. Your fee would not have been a million there? A. No, my fee out of that would have been 12½%, but then the Saudi Arabian one was the same sort of figure, and the one in Mexico City would be 2½ to 3, and a smaller one in Mexico City, a clinic, at £500,000
224. Q. Well, did you submit bills? A. Yes, for the Saudi Arabian and the Iran.
225. Q. What happened when you submitted the bills; did you get paid? A. Well, at that time Clifford Turner did the settlement with Vickers.
226. Q. Well, I think this is something possibly the Trustee can deal with if there is any question of any money owing by Vickers. You have said that I.T.C.S. was formed to undertake these contracts overseas, and you say that they completed the four projects at Abu Dhabi, and you received fees for those? A. Yes.
227. Q. Did I.T.C.S. to your knowledge undertake any further work?
A. They got some work in Dubai, but we only did the sketch plans for this and then never heard any more about it. One of those buildings has been built since, and, in the main, the main design was copied from our original sketch plans; that

- Q. So, to your knowledge since --- A. And that was done for I.T.C.S., not for the Ruler of Dubai. That was done for I.T.C.S; the commission was direct from I.T.C.S., it was the only one they ever gave me.
229. Q. Is it to your knowledge that since then the company has never carried out any work which yielded any fees? A. No. Well, I do not know, I have not seen their accounts.
230. Q. Well, is it to your knowledge? A. Yes.
231. Q. And during 1967, 1968 and 1969 money was coming out from your practice through Ropergate to I.T.C.S? A. Yes; in fact the Chairman/Managing Director of Ropergate Services was also a Director of I.T.C.S. the last 18 months.
232. Q. That would be --- A. Wilson.
234. Q. Mr. Wilson. Now, in August, 1968, did you close your account with Barclay's? A. Yes.
235. Q. This is the bank account where you have been allowed overdraft facilities of a quarter of a million without securities. Why was that? A. I was doing a lot of jobs for Lloyds and they suggested I change.
236. Q. Lloyds suggested you change because you were doing work for them? A. One of them was a big one in Nottingham, the biggest block of all.
237. Q. And what sort of facilities did Lloyds allow you? A. £200,000.
238. Q. With security or without security? A. Yes.
239. Q. With security? A. Yes.
240. Q. And you had to charge "Mannesseh"? A. That is correct.
241. Q. And also further property, "Machir", Moor Lane, Darrington, and a parcel of land in Darrington Road, together with securities and shares? A. Yes.
242. Q. You said earlier that the Chairman of Ropergate at one time was Mr. William George Wilson? A. That is the latter part of it, yes.
243. Q. Did you employ Mr. Wilson on the 1st December, 1968, as chief administrator for all your offices? A. Yes.
244. Q. At a salary of £15,000 a year plus the usual fringe benefits? A. I do not know about "usual".
245. Q. What were they then? A. Non-contributory pension scheme, non-contributory top hat scheme, motor car, house rent free, rates free, expenses travelling to London at weekends because he was not up here.
246. Q. Who was Mr. Wilson? A. Previous to coming to me he was

an Assistant Secretary in the Ministry of Health.

7. Q. And he was appointed director of Ropergate Services on the 5th June, 1969, and director of I.T.C.S. on the 13th March, 1969. Will you accept those dates? A. Yes. Well, that was the date they were registered, but he was from effect from the beginning. It sounds ridiculous that he was a director of Ropergate after he was a director of I.T.C.S. I can only think it was an error in not filling the forms in.
248. Q. Who employed him to start with in December, 1968? Why should he automatically become a director of these companies? A. I.T.C.S. had not even been thought of. He took the place of Williams who left when Vickers closed down their Medical Division, but in the case of Ropergate Services, before he came it was one of the understandings and agreements that he was to take over that. After all he was coming, as you rightly said, as the chief administrative officer.
249. Q. It does imply that he was your representative in these various companies? A. He was not in there. It was at the request of Mr. Maudling that he went on after Dr. Williams had to leave on account of Vickers' Medical Division closing down.
250. Q. In February 1969, that is only a matter of six months after you had moved your account there, did Lloyds ask you to reduce your overdraft from £200,000 to £100,000? A. Yes.
251. Q. And did you then obtain a mortgage loan of £100,000 from the Industrial & Commercial Finance Corporation Ltd? A. Yes.
252. Q. And that was on the security of Churchill House, Pontefract, and a second charge on Reams House? A. Yes.
253. Q. Now, after you appointed Mr. Wilson as chief administrator, did he then appoint himself a deputy? A. Yes.
254. Q. And how much did that cost? A. I cannot remember his salary.
255. Q. And you went to the Persian Gulf in March, 1969, did you, with regard to some proposed new hospitals? A. I expect I went two or three times.
256. Q. And whilst you were there did Lloyds Bank try to get in touch with you? A. Yes. No, they got in touch with my secretary and she rang me.
257. Q. And they wanted a further reduction of the overdraft, did they? A. Yes.

- Q. Did you reduce the overdraft? A. We did, yes.
- Q. Were you at this time trying to get money from Vickers?
A. Oh, yes.
260. Q. Were you having any success? A. Yes, it came very much delayed, in dribs and drabs, and, of course, later it was apparent why, because the department was closing down.
261. Q. Now, you say that at one time Vickers were owing you a million pounds. Were they actual fees for work that you had done, or were they extra fees that you put in at the request of Vickers? A. No; work done.
262. Q. There were some extra fees, were there not, put in at the request of Vickers for some contracts in the Middle East, in Saudi Arabia? A. Well, there were two jobs we had in Saudi Arabia, one the hospital, and then one for the health services, but we never did that. We had a contract signed, but I do not know what happened after I left. I signed the contract with the Government.
263. Q. Did that contract include some high fees? A. No, this was only small but it had a great potential ultimately.
264. Q. And you said at your Preliminary Examination that in connection with this hospital at Rhyadh, in Saudi Arabia, you put in extra fees totalling £1,200,000 --- A. Sorry, that is because - sorry, I did not gather what you were referring to. This had one of the most chequered careers, and I suppose, with no offence to the Arabs, it is part of the way they do business. This contract was to be a package deal by Vickers. Vickers were to supply not only a building, not only the equipment in the building of which their own medical division were the manufacturers and agents for everybody else, but they were to supply consultant physicians, surgeons, nursing staff, and they actually appointed a matron and a secretary for this particular project, who went out there to be there right from the start. It was the first time this sort of organization had ever been, and Vickers were going to develop this overseas, all over the world. In the scheme there was even a V.C.10 to fly from Biggin with specialists - you could not, obviously, keep a top consultant in Rhyadh just hanging about, so they were going to fly from Biggin Hill to Rhyadh, have a V.C.10 available to take people out at short notice. In the main, this hospital was not for the people; it was for the Royal Family and the senior officials and cabinet ministers

Q. Yes, I appreciate that, Mr. Poulson, but what about these extra fees? A. These extra fees were due to this factor, that in the first place, as I said, this was a package deal contract and Vickers appointed Laings as their contractor. Vickers had estimated the cost - we had given them the cost of our buildings - but Vickers estimated the cost of all the others themselves, because I was not in a position to say how much nurses were going to get, and consultants, and all this, but Vickers gave an estimate of the cost, and they appointed Laings. Well, I gave the estimate that the proper cost of this hospital should be 7½ million, if my memory serves me right, and Laings tender was 10, and Vickers were quite happy with that. When this went out to Saudi Arabia, they were not, and they asked for competitive tenders for this. So we went out to competitive tenders and I suggested, very rightly, that there were three very good contractors in the Middle East who were capable of doing this, one in Beirut of international reputation, all throughout the world, one in Bahrain and one in Kuwait. These tenders came in and they were below our estimated figure, all three. The gentleman who was in charge, or advising the Government on this, was the brother of the doctor who was ---

266. Q. Are we quite sure we are on the right contract here, Mr. Poulson? A. I am talking about the hospital.

267. Q. In Saudi Arabia? A. Yes.

268. Q. Can we get back to the point I was trying to make; did you put in extra fees? A. Yes.

269. Q. For yourself for £1,200,000? A. Yes.

270. Q. Did you get the contract, or did Vickers get the contract? A. Well, they had it from the start, they had it before we were appointed.

271. Q. So these fees, were they charged? A. They were charged to Vickers, yes. We were sub-contractors to Vickers, not to the client.

272. Q. Now, did you actually get £1,200,000? A. No.

273. Q. What happened to it? A. I would not know what we got, because Clifford Turner did the negotiations in the last few months direct with Vickers, the Medical Division having been closed down.

274. Q. Has this contract any connection at all with the one million pounds that you say Vickers was owing you at one time?

275. Q. This is it. Now, these were extra fees, were they not, but were they fees you were entitled to? A. Yes, very definitely, or we would not have asked for them if we had not have been.
276. Q. Now, you said on your Preliminary Examination that you were instructed by Vickers to put in extra fees totalling £1,200,000? A. Sorry, you are talking about something entirely different.
277. Q. That is what I am trying to find out. A. Sorry, just a minute, I am talking about architectural fees, you are talking about Vickers' fees for their consultancy in the erection of this hospital. Vickers' Medical Division were to do the mechanical engineering and all that section of the work, and they gave a price for the actual work. They then wanted a commission on top of that for management consultancy. Vickers' Medical Division had a contract with the Saudi Arabian Government - I forget exactly what the terms were, or what the percentage was, it was somewhere 9 or 10 for management consultancy - and then they asked me to put in a figure which, in gross, all the lot amounted to one million pounds. A part of that figure was also for one of the Saudi Arabian princes, and I was asked to include that in the bills of quantities, and there is a letter to Vickers confirming it because I was not going to take the risk of it.
278. Q. So there is nothing really to come to you? A. No. Sorry, I thought when you talked about fees you were talking about my fees, but I was owed a million by Vickers at the same time; the figures are run parallel.
279. Q. What you did say in your Preliminary Examination is that Clifford Turners were acting for you and they eventually reached a settlement with Vickers on your behalf and they accepted £50,000 less than the amount that you claimed you were entitled to? A. That is correct, about that.
280. Q. Did you authorise them to do that? A. At that time I said yes to everything they put forward.
281. Q. Now, at the end of 1967 were you architect in respect of the Eastburn Hospital which is now known as the Airedale Hospital? A. Yes.
282. Q. And which was being built for the Leeds Regional Hospital Board? A. Yes.
283. Q. Now, when work was progressing on that hospital, did you

- And what was the effect of that? A. The effect was that the men were on the site and it was getting on fine, and they were going to be held up and the job would have been stopped if I had not have taken drastic action, and by taking drastic action I had various sections such as a housing department, a schools department, a hospital department, a general department which covered everything else, and I took staff, probably 50% out of each, and put them on this to blitz it and get it put right and re-draw it all.
285. Q. What was the eventual financial result? A. Well, the delay and everything cost me about £50,000.
286. Q. That is extra cost? A. Yes.
287. Q. Now, in 1966 --- A. But it did produce the hospital on time.
288. Q. In 1966 - 1967 you were also architect in respect of a hospital to be built at Shoreham in Sussex for the South West Metropolitan Hospital Board? A. Yes. And it is not finished yet.
289. Q. What happened with that contract? A. Well, before they laid a brick the costs were greater than the total fees we would ever get, and that has never applied on any other contract, ever.
290. Q. Can you keep your voice up, Mr. Poulson? A. The costs of that job before a brick was laid on the site were greater than the total fees we were due to get.
291. Q. You say that had not happened before? A. Never happened before, and I hope never will anywhere.
292. Q. Did it happen subsequently? A. No.
293. Q. Are you quite sure about this, because this is a point that is going to be raised? A. Subsequently with this hospital?
294. Q. No, with contracts that you were engaged in? A. Oh, yes, they were unfortunately, but not prior to that date and not of the magnitude. I mean, I am thinking of the magnitude of this one.
295. Q. That was what, £60,000? A. Yes.
296. Q. We have mentioned earlier that there was some unfavourable publicity in 1969 through "Private Eye"? A. Yes.
297. Q. And at the same time there were credit restrictions in this country which meant there was a cut back in building work. A. Yes. Well, what they do is the schools are going through this year and then they are held up and they go in the next

- Q. And you were under a fair amount of pressure at this time; you had got judgment against you by the Inland Revenue, and these substantial losses at Airedale and also at Sussex on the hospital contracts, and there was a cut back in building work, and were you considering in June, 1969, reducing your expenses? A. Yes.
299. Q. What steps were you proposing to take? A. Well, a reduction of departments, staff, and close various offices, which we did before Christmas.
300. Q. Had you taken any more positive steps to call in outside assistance? A. Sorry, I see what you are getting at now. It was suggested to me in April, 1969, that I change the firm of accountants from a Leeds firm to a national firm, by Wilson. I agreed to this. They decided not to come in until the 1st July, which was the commencement of our new financial year.
301. Q. That was Cooper Brothers? A. Yes. It was also suggested that they did a study on the ground so that they could make recommendations re improved cash flow.
302. Q. That was a matter of some concern at that time I take it, the cash flow? A. Yes, that was the reason for it, obviously.
303. Q. When did Cooper Brothers actually come in? A. July 1st. Well, that was the date they were to take over from, June 30th being the end of our financial year.
304. Q. So they did not come in before July? A. Not that I am aware of.
305. Q. 1969? A. Yes.
306. Q. In June, 1969, towards the end of June, did Mr. Wilson, the chief administrator who was also at that time Chairman and Managing Director of Ropergate and director of I.T.C.S., and Mr. McCowan, who was an engineer, of J.G.L. Poulson Associates, and Mr. Baker, who was chief accountant and secretary of Ropergate Services. A. Yes.
307. Q. Did they come to see you regarding the financial state? A. They did, on one Monday morning.
308. Q. And what did they have to tell you? A. They produced some figures telling me, informing me - and they were accompanied by a Mr. Stringer, a solicitor - informing me that I was insolvent.
309. Q. Can you recall to what extent they told you that you were insolvent? A. If my memory serves me right, about

310. Q. You must have been prepared for something like this?
A. Oh, no.
311. Q. Why not? After all, you had had a judgment for £211,000 against you in November, 1968? A. Always I knew this, that I was owed more than I owed.
312. Q. Yes, but a lot of the money that was owing to you was from Ropergate? A. No, exclusive of that.
313. Q. Exclusive of those? A. And, of course, I had no reason to believe at that time that the reputation of O.S.B. would be damaged by the "Private Eye" article, and therefore that was safe.
314. Q. What happened, then, when you were told by your senior staff that you were insolvent? A. I went to my home straight away, I saw my wife and we telephoned her sister in London and spoke to her, and she said, "Come down, bring all your balance sheets that you can lay your hands on and my husband will be in late this afternoon", which I did. We then went down to London, and the outcome was that they recommended I put it in the hands of Clifford Turner.
315. Q. Clifford Turner? A. Yes.
316. Q. Why Clifford Turner? Why not your accountants? I would have thought this to have been --- A. Well, I took the advice of my sister-in-law and brother-in-law - I had never heard of the name of Clifford Turner before.
317. Q. So you went to Clifford Turner. Now, at that time you were being sued by Mr. Harvey in connection with the Associates?
A. Yes; it came up the same week.
318. Q. And you discovered there had been no books kept, separate books, and he was suing you for his 10% share of the profits?
A. Of his section, yes.
319. Q. And what happened regarding that action? A. Clifford Turner told me not to contest it and leave it to them, which I did, and I got judgment against me.
320. Q. For £8,000. Then we come on to Cooper Brothers coming in, and they investigated your practices, did they not, and submitted a report dated 27th August, 1969, and they are treating the four companies, I.T.C.S. (Africa) Limited, I.T.C.S. Limited, Open System Building and Ropergate Services Limited as a group? A. Yes, I have seen it since. I did not see this at the time; I saw them in your office, that is where I saw them.

- 27th August? A. I saw the August one.
- Q. That is what I am talking about. A. Yes, I saw the August one. Not at the time of August, but later on in that year.
- Q. So they are treating it as a group, really? A. Yes.
- Q. Interconnected, but in each company the major shareholder is either yourself or your wife? A. I am not a shareholder in any of them.
322. Q. You are the major shareholder in Ropergate? A. Oh, sorry.
326. Q. And there are a lot of figures here, but does it boil down to the fact that they indicate that you were insolvent? A. Yes, but they were figures not obtained by them, but using figures in those statements, it would appear, that were presented to me at the end of June by those three.
327. Q. Well, one would assume that any figures produced came from your books? A. Which, as you are well aware, were later disproved by accounts, proper accounts, when they were prepared, which contradict that.
328. Q. Let me not use the word "disprove", let me say that they differed? A. Well, I take it the second lot are correct; I hope so.
329. Q. I do not think that we are in a position to accept any figures as correct in this case, and I do not think the Trustee is at the moment. But, so far as Cooper Brothers are concerned, they reported that in their view on the figures they had --- A. On the figures they had supplied, yes.
330. Q. Or wherever they got them from, you were insolvent? A. Yes.
331. Q. How much did they charge for this report? A. I have never seen an account.
332. Q. Did you pay? A. I understand they helped themselves.
333. Q. I beg your pardon? A. I left the firm, you see, on the 1st January and I understand they were --- A financial controller was put in charge, and I have never seen an account, I have no idea what they collected for either that report or for any work they did afterwards.
334. Q. Can I put it to you this way? You are saying that you never paid, whilst you were running the practices, you never paid Cooper Brothers? A. No.
335. Q. Did they also suggest that part of the trouble, or the main trouble, was the high burden of taxation? A. Yes.
336. Q. And that you could not avoid this unless you brought in

337. Q. Was any action taken on this report by Cooper Brothers and their recommendations in it? A. I understand that there was another report commissioned by Mr. Grimwood.
338. Q. Let me deal with this one; was any action taken on this report? A. Not that I am aware of, except that subsequently another one had to be prepared.
339. Q. But you did not give instructions to your staff to implement this report? A. No.
340. Q. Why not? A. Because at that time, after the end of July, I had put everything in the hands - and been asked to put everything in the hands - of a man called Grimwood of Clifford Turners, and he was virtually running everything.
341. Q. Who was this? A. Grimwood.
342. Q. This is a partner in Clifford Turner. Now, did Clifford Turner's advise you then not to implement the recommendations in this first report of Cooper Brothers? A. Clifford Turner tried to change the accountants at that time, and actually took me to ---
343. Q. You had changed your accountants to Cooper Brothers on the 1st July? A. And then Clifford Turner asked me to change to Price Waterhouse after that first report.
344. Q. But did you change to Price Waterhouse? A. No - Mr. King opposed it.
345. Q. That is your brother-in-law? A. Yes.
346. Q. So was a further report prepared then by Cooper Brothers? A. Yes.
347. Q. And this was dated the 10th December, 1969? A. Yes.
348. Q. Did you give instructions for this? A. No, Grimwood.
349. Q. That is the partner in Clifford Turners? A. Yes.
350. Q. Did you know what he had done? A. I did not until I came in to your office. I never saw that report, not the second one.
351. Q. So that we have the situation, Mr. Poulson, if I am correct, that in June, 1969, senior members of your staff told you that you were insolvent. We have in August, 1969, a report by Cooper Brothers & Company to the effect that you are insolvent, and no action was taken between June and December 1969? A. I object to that statement; of course there was some action taken. As soon as I heard that this suggestion was that I was insolvent, I took action, and I went to London to seek out the best advice I could.
352. Q. Well, you had got advice? A. Just a minute, I had not

got Cooper Brothers at that time, I am talking about end of June, and then I took on Clifford Turners, so I followed what they said. I did everything that Grimwood asked me to.

353. Q. Yes, but with all due respect, Mr. Poulson, you do not go to a solicitor to advise you how to run an architectural practice. It is the same as a solicitor would not go along to an architect to advise him how to run his practice. You go to your solicitors to be advised as to the law?

A. Yes, but also this man was made a speciality, so I was informed, and they told me - which everybody described him as a genius in those days, and he certainly gave me that very firm impression.

354. Q. You have said that, in June, Messrs. Wilson, McCowan and Baker, together with Mr. Stringer, came to see you and told you, as they saw the position, that you were insolvent, and then we have Cooper Brothers' report in August to the same effect. Now, do you recall on the 9th November, 1969, receiving a memorandum from Wilson, McCowan and Baker?

A. Yes.

355. Q. And this starts off, "We recently discussed with you the problems which affect the finances of the professional practices and the associated companies' activities" and so on, and it refers to Cooper Brothers' recommendations?

A. On the first report, the second report not having taken place then.

356. Q. Yes. And they then suggest a number of measures to deal with the deteriorating financial situation? A. Their ideas, yes.

357. Q. Yes. They recommended it to you? A. Yes.

358. Q. They recommended that you close down the branch office at Edinburgh and Newcastle? A. Which had already been agreed.

359. Q. Dispose of the lease and the furnishings in Grosvenor Place? A. Already been agreed.

360. Q. And either disposing of the residential properties in Pontefract, excluding "Mannessah", or increasing the mortgages? A. Yes.

361. Q. Suggesting that all the companies be self-financed and self-developing and receiving no further subsidies from you or Ropergate Services Ltd? A. Yes.

that had been made to Ropergate

Services; negotiating a settlement with Vickers; dealing with the collection of fees from the Maltese Government?

A. Yes, very much behind, two or three years behind.

363. Q. And claiming some £39,000 from the National Uranium Oil Consortium? A. That is Vickers again.

364. Q. That is Vickers, is it? A. Yes. The Commission was Vickers; the connection was Vickers. We were sub-contractors under Vickers, but Vickers contractor was Uranial Opec.

365. Q. Had you got a direct claim against the Oil Consortium? A. No, against Vickers, that is where that is wrong.

366. Q. And they go on to say then that you should dispose ---

A. We never even met anybody. Oh, yes, only the Medical Superintendent in Tehran but he was not a director of the company.

367. Q. You should dispose of the Rolls and the Bentley and some other vehicles, and also "payments to consultants" - in quotation marks - "of £2,000 a month should cease forthwith." What do they mean by that? A. I do not know who they refer to. We had certain consultants, but I do not know who they were referring to.

368. Q. According to your accounts each year you show certain payments to consultants or other professionals, under the heading "consultants or other professional charges". I take it that is what they are referring to? A. Yes.

369. Q. Now, some of these payments appear to have been disallowed by the Inland Revenue as chargeable business expenses. There seem to be quite a lot of payments made to T. Dunn Smith; in the year ended 30th June, 1969, a total of £22,000 to T. Dunn Smith and associated companies. What was that for?

A. He was the consultancy on housing.

370. Q. Consultancy on housing? A. Yes.

371. Q. What does that mean? A. Well, he advised on housing layouts and housing developments.

372. Q. Advising on layouts. Surely you employed qualified staff, did you? A. Yes, but we also wanted to get the other attitude, and he was supposed to be the expert at that time.

373. Q. You see, in the period to 28th February, 1970, a total of £4,572 to T. D. Smith; is that also for advising on housing?

A. Yes, it was.

374. Q. Pardon? A. Yes. I am sure if you ask him he will tell

I am asking you, Mr. Poulson. A. That is what it was as far as I was concerned.

Q. Was he under a contract with you? A. No.

Q. How was the arrangement made for fees? A. It was reviewed every six months.

Q. You see, in 1968 I see that he was getting paid £1,816 13s. 4d. in July, August, September, October and November, and then from December, 1968, to June, 1969, it was £1,524 a month. That looks like a monthly retainer?

A. Well, it was increased volume of work.

Q. What sort of housing work were you doing? A. For local authorities all over the country.

MR. MUIR HUNTER: I am sorry, I simply cannot hear what the witness says at crucial points.

Q. THE REGISTRAR: Would you keep your voice up? A. We were doing housing developments for lots of authorities all up and down the country. It was on local authority housing, mainly industrialized housing, of course.

Q. Well, that would, of course, be carried out by O.S.B., would it not, not by you? A. Yes, but he was acting as consultant to me, not for O.S.B.

Q. Yes, I agree it is shown in your accounts, that is why I cannot understand why, if he was a consultant on housing, he should be a consultant to you and not to O.S.B.?

A. Well, he never was consultant to O.S.B.

Q. Though he did form the company? A. No, there was a company --- When my solicitor in London - in those days it was Blundell Baker & Co. - they were asked to look for a suitable name and register under a name. They found a name on the register 'Open System Building' with a nominal capital and they bought that company for my wife for £100, and it turned out that it was a company owned by him.

Q. Well, that is what I have said; he formed the company, did he not? A. Yes, but it sounded by the way you put it, I thought you meant that he formed it for me.

Q. I mean he formed the company, did he not? A. Yes.

Q. He was the original director? A. Yes, he had a lot of these, it turned out later. I found out he had a lot of companies, but they were never operated. He had registered a lot of names for this sort of thing.

Q. I will not proceed any further with Mr. Smith, I have no doubt that the Trustee will want to deal with that point.

- Now, Mr. F. A. Jeffries, who was he? A. He was an engineer in charge of the London office for a time.
388. Q. Why did you pay him a consultancy fee? A. He had a contract. Well, he did not come in every day, he came from Chippenham in Wiltshire, so many days a week.
389. Q. He was not a full time employee? A. No.
390. Q. A. Roberts; who is Mr. Roberts? A. He was connected with that hospital in Tenerife for the Spanish Government.
391. Q. In what way was he connected? A. He introduced it and dealt with the Spanish Government for me.
392. Q. Who is Mr. Roberts? A. The M.P. for Normanton.
393. Q. Mr. W. G. Pottinger; who was Mr. Pottinger? A. He is the Secretary for the Department of Agriculture in the Scottish office.
394. Q. Now, according to this account, Mr. Pottinger received £8,053 for the year ended 30th June, 1969. What was that for? A. A gift from me.
395. Q. Why should it be shown in "consultancy fees"? A. Until I was told in your department, I did not know it had been.
396. Q. Why should you make Pottinger a gift? A. Because he had been a very good friend of mine and my family for many years, and he was building a house and I told him I would help him.
397. Q. You paid him a total of about £19,000, did you not? A. Yes.
398. Q. Now, I am bound to put this question, Mr. Poulson; is there any connection between these payments to Mr. Pottinger and the fact that he is a high ranking official? A. Certainly not.
399. Q. Had Mr. Pottinger any connection with the contracts that you obtained at Aviemore? A. No, not in the original conception, but he was associated with it through Lord Frazer later.
400. Q. Through Lord Frazer; in what way? A. Lord Frazer was the chairman of the company, and Pottinger was originally in the Tourist Board side, and Lord Frazer was the chairman of the Scottish Tourist Board.
401. Q. Do you think it is proper for you to make gifts to a civil servant who is engaged in some way or other with a contract in which you have an interest? A. It was nothing to do with that, and I can give surely to who I like.
402. Q. Who?

104. Q. £2,500 paid in the year ended 30th June, 1969; what was that for? A. Sorry, I did not catch the name.
104. Q. J. Merritt. A. Advice on hospitals after he had retired from the Ministry.
405. Q. Advice on hospitals after he had retired from the Ministry? What was Mr. Merritt's rank? A. I do not know if he had one.
406. Q. Well, you say he was in the Ministry; what was he in the Ministry? A. He was the regional officer in this area.
407. Q. For the Ministry of Health? A. Yes, and knew me as a result of the hospitals I had done.
408. Q. What sort of help was he giving you? A. Well, general administration on layouts of hospitals. Criticisms of hospital layouts, criticisms of the new procedures and new specialities, all very helpful.
409. Q. You see, according --- A. But he had left the Ministry; he was retired.
410. Q. Yes, I appreciate that. According to my information he retired on the 1st January, 1968, and by the 30th June, 1968, he had received a total of £2,972, so you were very quick off the mark with your payments, were you not? A. Well, I mean he worked for me afterwards. He could not work for me before, could he?
411. Q. Well, you see, according to the accounts, you paid him £100 in the year ended 30th June, 1967? A. I cannot remember what that was for, I haven't the foggiest idea.
412. Q. What exactly was Mr. Merritt doing when he was employed at the Ministry of Health when you say you came into contact with him? A. I only came into contact occasionally. I mean, he was the man who was the liaison between the Ministry and the Regional Board here for this region. They had one in each region.
413. Q. Well, coming to the Regional Board, there are substantial payments to Mr. Shea. A. Yes.
414. Q. Mr. W. A. Shea. What were those for? A. The Ministry recommended that when he got to the age of 60 that I take him on as a consultant - the Ministry of Health - and the man concerned was the Under Secretary called Gebling who is now No. 3 at the Treasury.
415. Q. Who was Mr. Shea? A. The Secretary of the Leeds Regional Hospital Board.
416. Q. And they suggested --- A. They suggested, the Ministry

of Health, and in the person of Gebling.

They suggested that you should retain Mr. Shea when he retired? A. Yes.

Q. What for? A. They thought that as a result of the development of St. Luke's, Huddersfield, and what they had in mind for new hospital layouts - which we were able to bring down the cost of hospitals from £12,000 a bed to £5,000 a bed. At St. Luke's we brought it down to three and a quarter thousand, but I objected strongly to the standards there. They then commissioned me - the Ministry of Health, that is - to do a prototype, and I brought the costs up and they approved that, and then they commissioned me to do two hospitals; one you have mentioned half way between Keighley and Skipton, Airedale, and the other one which has just been finished near Crewe called Leighton. They suggested that I took Mr. Shea; Mr. Shea was finishing and they suggested that I found him a job, that he would be very useful with all his experience. He lasted 12 months with me. No, a bit longer probably. Two years probably.

419. Q. Well, the payments were going to Mr. Shea right up to 1969, were they not? A. Well, I said I do not know exactly.

420. Q. He retired in 1963, so that is six years? A. I thought it was not anything like that time. It was not a very happy time for me with him.

421. Q. Mr. J. M. Cordle, payment of £1,000 in the year ended 30th June, 1969? A. This man was the Secretary of the Parliamentary Party for West Africa, and after I had been appointed by the Nigerian Government, he first of all got in touch with me to join the West African Committee, and finally persuaded me that he could assist me and introduce me to various people, and help me and advise me in dealing with them, in West Africa. I never saw him probably for three out of the five years. In fact, I tried to get out of payment as the letters of Blundell Baker show.

422. Q. Now, what happened when you received this recommendation from Mr. Wilson and the other two people? Did you carry out the suggestions? Did you cut out the consultancy fees?

A. I took this to Clifford Turner and left it with them to deal with, which was the arrangements that were made with them from the start. I saw Grimwood at least two days a week in London every week, and I should be on the 'phone with him at home and during the day most days. At that

... he lived at Hayward Heath.
They are saying that in November there was a cash short-
fall on absolutely inescapable payments, that is disregarding
the Revenue judgment debt, outstanding writs, reduction of
current indebtedness of nearly £30,000, even assuming that
Lloyds Bank were then prepared to allow the overdraft to rise
to about £75,000, so obviously the financial position was
very grave, was it not? A. Well, that is why I dealt
with it.

424. Q. So what did Clifford Turners' advise you to do when you
took this memorandum to them? A. Just about Christmas
time they advised me that I ought to have done it many years
ago from a tax angle, to take in one partner - one. And
letter heading was produced, and is in evidence to support
that, that I was going to take in Booth and the name of the
firm Poulson and Booth, and the others were going to be, as
they were, silent partners.

425. Q. Can you keep your voice up, I can hear you but I am not sure
whether Mr. Hunter can. So you were going to take in Booth
as a profit-sharing partner? A. Yes.

426. Q. And letter headings were printed, but that did not come to
anything, did it? A. No, because we were taken over by
the events of the 31st December.

427. Q. What events were these? A. Well, the morning of the 31st
December I was invited by Martin of I.C.F.C. to go to a
private dinner party at the Queens.

428. Q. Let us identify the people involved; Martin I.C.F.C. - that
is the company that had a mortgage on the property?
A. Reams House and Churchill House.

429. Q. In Pontefract, yes. A. He said he had been at Harvard
University on a course and he had only just got back and had
I anything on that night, I said "No", and he said, "Well
come and have a private dinner party, just you and I."

430. Q. And you agreed to go to dinner at the Queens in Leeds?
A. Yes.

431. Q. So then what happens? A. When I got there he said,
"Things have changed since you have spoken to me on the
'phone", and that now there was going to be a business
meeting, and he asked my wife to stay as well - she had
taken me in by car - and a business meeting subsequently
did take place.

432. Q. Who was involved? A. There was Martin and his secretary,

- wife and I, McCowan and his solicitor, a man called
Mawson.
McCowan of J. G. L. Poulson Associates? A. Yes.
And Mr. Mawson, his solicitor? A. Yes. And a little
of Simpson Curtis - Turner - was with Booth.
Q. Mr. Booth, who was going to be your partner in the
architectural practice? A. Yes.
436. Q. Now, what was the result of this meeting? A. The result
was that I signed my business away.
437. Q. How did you do that? Well, you have made the statement, "I
signed my business away"? A. I signed documents which
were drafted and made out during that evening.
438. Q. Who prepared the documents? A. Martin's secretary did
the typing. I would say in the main that Mawson did them.
439. Q. These were actually prepared at the Queens? A. Yes.
440. Q. Had there been any discussion regarding the practices before
that date? A. Not with me.
441. Q. Had you been discussing the practices with Clifford Turner,
apart from what you have mentioned about introducing Booth?
A. Yes, only on that line.
442. Q. Just introducing Booth? A. Yes, and he never went further
than that didn't Grimwood.
443. Q. No suggestion of it at all? A. No, and my wife confirmed
this recently. The first we knew of it was that night of the
31st December.
444. Q. Now, why should you sign these documents? A. Because
Mr. Grimwood, at 3 o'clock in the morning when we got hold
of him, told me to sign them and he would deal with them
afterwards, and that anything I signed they would be in the
later meeting. He was out at a New Year party and we could
not get in touch with him at his home and when he did come
home at three we got in touch with him.
445. Q. And what did these agreements purport to do? A. I
cannot remember.
446. Q. Well, you say you signed the business away, what did you
expect to get out of it? A. Well, at that time Grimwood
had always told me that they would set up a company and that
I would get a large lump sum, but the sum kept being reduced
over the period, and the figure that is the operative one is
what we were told on the day we signed the agreements.
447. Q. So there was some discussion before the 31st December about
you selling your practices, or transferring your practices?

- No., selling I.P.D.
What is I.P.D.? A. Well, I.P.D. was to take the place of Ropergate Services.
- This was a new company to be formed? A. Yes. Well, it was in effect as far as I am concerned from about September. They were certainly taking control and doing things, although the company was not formed until March, was it? So I saw in your office.
450. Q. So this company was to be formed to take over from Ropergate Services? A. Yes.
451. Q. And this was discussed from September, you say, with Clifford Turners? A. Yes.
452. Q. What was the basis on which the company was to take over? A. The object was that they were going to take over --- They mentioned they had two separate firms who could be interested in the sort of figures we produced, of buying this as an entity, and that I would get a capital sum and in the meantime I would have various fees.
453. Q. When was it going to take effect? A. Well, they did not do this, as you know, until April and back-dated it to March.
454. Q. But you were talking about this in September. What had you got in mind, what date were you working for? A. There was no date ever mentioned in those days.
455. Q. It must have been considered? A. No. There was no suggestion "at the end of the year", or anything like that, and that is why it came as such a complete bombshell on the night of the 31st. In fact, looking back, I have always said that I always felt that that was a fixed meeting and I was got there under false pretences.
456. Q. So you signed some documents at the Queens Hotel early on the 1st January? A. Yes.
457. Q. And you say you signed those on the advice of your solicitor at 3 o'clock in the morning? A. We took all that time to get to him.
458. Q. And then what happened? A. I went home.
459. Q. Yes. After that, what about the practices; did you still remain in control? A. Before Christmas, the so-called board of I.P.D. had decided to put in a financial controller, and had asked Cooper Brothers to put one in, and a Mr. Scott was to take over on January 1st. That was settled early in December.
460. Q. What. take over from Mr. Wilson? A. Well, he was in

- he was in financial control, yes, above everybody.
- Grimwood after the night of the 31st December asked me
- I keep away from the business. And I kept away from
- business until Mr. King found out by accident at the end
- of April and said it was all nonsense, and I had to go straight
- back, but Grimwood had asked me to keep away.
- Q. And who had control of the bank accounts? A. Scott.
462. Q. From the beginning? A. From January 1st.
463. Q. You were not in a position to sign anything? A. Yes, I
- signed blank cheques, but he operated ---
464. Q. You signed blank cheques? A. Yes, batches of them, not
- just one, and they were never filled in. He used to either
- bring them down or send my secretary down with them.
465. Q. So that it could well be that you did pay Cooper Brothers by
- means of these cheques? A. Look, you asked me what had
- they been paid. I didn't know. I don't know.
466. Q. How much did Scott get paid? A. Well, I heard that he got
- a thousand a month; that Cooper Brothers charged a thousand
- a month, I have heard this, I do not know whether it is true
- or not. And I find out recently, in the last week, that he
- is an unqualified accountant.
467. Q. Now, you say you kept away from the offices from January 1st?
- A. On instructions of Grimwood.
468. Q. From January 1st, 1970, until April, 1970? A. And it was
- found out quite by accident that I was doing, and King told
- my wife to tell me to get straight back, it was nonsense
- and Grimwood had no right to have done that.
469. Q. So you went back to the office? A. Yes.
470. Q. And what did you do there, did you take control again?
- A. No, I couldn't. How could I?
471. Q. What did you do then? A. I just collected my mail - I
- had mail still coming in to me.
472. Q. Now, had you signed any further documents at that time when
- you went back? A. Yes, I had signed the main agreements.
473. Q. You had signed the main agreements? A. Yes. Can you
- tell me, have you found out when those were signed, because
- I ---
474. Q. That is something, I think, that the Trustee will be dealing
- with. Now, the main agreement we are talking about was
- supposed to be operating from 1st March, 1970. Two new
- partnerships would be formed, J.G.L. Poulson Partners,
- principal partner Frank Booth, and J.G.L. Poulson Associates

- principal partner Alistair McCowan? A. Well, he was the only one by that time; he had got rid of the other two. Those two partnerships were to take over your two separate practices? A. Yes.
- Q. The architectural practice, and the engineering practice known as J.G.L. Poulson Associates, and I.P.D. to acquire the option to purchase the assets of the two practices and Ropergate Services Limited before 31st December, 1970?
- A. Correct.
477. Q. And in consideration of the goodwill, 50,000 £1 Non-Cumulative Convertible Preferred Ordinary shares and 90,000 Deferred Ordinary shares in I.P.D. Limited to be allotted and issued as fully paid to trustees on your behalf for a 15 year period? A. Yes, so I found out about two years after that date.
478. Q. Well, did you read the agreements when you signed them?
- A. No. My wife confirmed this to your Mr. Clarkson, the only time she has been in the office, that that day when we visited Clifford Turners for that signing, we would be no longer than half an hour, and we signed all these documents which were about so thick, and they kept on turning over pages "Would you sign here" and "Would you sign there" and there was nothing explained to us. The only thing that was said was this, "You will be getting £20,000 a year consultancy fees, and within a period of two years you will have a minimum of half a million pounds.
479. Q. There were a number of agreements and there were certain consultancy agreements providing for a total of £20,000 a year from I.P.D. and the two partnerships, and you were also to be allowed the use of this flat in Greycoat Place?
- A. And the car and what-not, yes.
480. Q. Now, you went back to the offices in April, 1970, after these agreements had been signed. The agreements provided that the partnerships take over from February? A. 28th February, 1st March.
481. Q. 1st March. Did you enquire as to what valuation had been placed on your assets? A. Yes, not from them, but from Grimwood, and I was told that I had to leave everything to them, they would look after it.
482. Q. And, to your knowledge, was any valuation placed on the assets? A. I do not think they have been to this day.

- is there any accurate record of what your assets were on the 28th February, 1970? A. Not that I am aware of.
- Now, in all your accounts, going right back, there has been a figure for work in progress? A. Yes.
- Q. And that has gone up through the years as your practice has expanded? A. Yes.
86. Q. How was that valued for the purpose of the accounts? A. Well, the last few years it was done on the actual cost and job cards and 125%; that was the last two years.
487. Q. Cost plus 125%? A. Yes.
488. Q. Now, you say you were dealing with your mail when you were back in April, 1970. What else did you do - anything? Did you do anything there? A. No.
489. Q. Did you do anything with the companies Ropergate or I.T.C.S? A. No, I have not done anything with any of them. I mean after all, I.T.C.S. would not --
490. Q. Were you getting paid your consultancy fees? A. Nothing from I.P.D. transpired; £5,000 until October from the Architects --
491. Q. October when? A. 1970. And £2,500 from the engineers until now, and I.P.D. decided to be very generous and pay me £500 from April, 1971, when I pointed out that I --
492. Q. Let me put it this way, Mr. Poulson, all you were there for was consultancy. Were you doing anything? A. Nobody ever consulted me about anything.
493. Q. What was happening about the Inland Revenue? A. Well, I think you are well aware that I was told in July, 1971, that I did not owe the Revenue anything, the Revenue owed me some money. The same accountant told my solicitor in Wakefield the same story on his own, and I believe the same accountant told your Mr. Clarkson earlier this year the same story.
494. Q. Are you saying you were told by your professional advisers that you did not owe the Revenue anything? A. That is correct.
495. Q. But you were aware that there was a judgment going back to December 1968, and you had agreed to pay so much by instalments? A. Yes, but sums had been paid after that date.
496. Q. But subsequently your professional advisers were telling you about terminal losses and things like that? A. Oh, that came out in July, 1970, when they asked me to persuade

Pannell Fitzpatrick to come back and do accounts, and they dismissed Cooper Brothers, I.P.D. did, having said that they never engaged them.

498. Q. Were you under any pressure from the Inland Revenue during 1971? A. I would not know.
499. Q. Were you told? A. I would not remember it. I was under pressure at so many places that --
500. Q. Now, you said earlier that judgment had been obtained against you by one of the partners in J.G.L. Poulson Associates? A. Yes.
501. Q. For £8,000, which you paid? A. Yes.
502. Q. Now, on the 14th May, 1970, did a Mr. Thomas, who was also a partner in the Associates, obtain judgment against you for £6,000 and costs? A. Yes.
503. Q. That was on a similar basis, was it not, of 10% profit? A. Yes.
504. Q. And did you pay him £3,000? A. Yes.
505. Q. And did he subsequently issue a bankruptcy notice for the balance? A. Yes.
506. Q. And then presented a petition on the 9th November, 1971? A. Yes.
507. Q. And following the presentation of that petition did you take further advice? A. Yes.
508. Q. Legal advice? A. Yes.
509. Q. And did you file your petition? A. Yes.
510. Q. And in these proceedings you have filed a Statement of Affairs which shows 78 unsecured creditors for £247,860; 2 creditors fully secured for £126,910, and they are shown as holding security to be worth £158,000? A. Yes.
511. Q. Now, how did you arrive at the figures for the valuation of these securities at £158,000? The properties are Churchill House, Mill Hill, Pontefract which you valued at £150,000? A. You had them, they were the valuations from Tattersall of Sheffield.
512. Q. Professional valuations? A. Yes, you had the copies.
513. Q. And you show a contingent liability for £200,000 not expected to rank against the estate for dividend. What is that? Is that a claim made by Messrs. Booth, Hancock, Johnson & Partners? A. I understand it is now, but originally it was I.P.D. until quite recently.
514. Q. It is in your Statement of Affairs? A. Yes. This is

supposed to be fees paid by local authorities, nationalised industries and Government departments in advance, which is so ludicrous that it could never have been, but I was told to forget it as it would build up my terminal losses, and that if I collected it it would only go to the taxman. If I agreed to this it would be better, and that was by Grimwood in the presence of my wife, John Bolton, King, Musk and Sweetman, an accountant of his.

514. Q. And you also show preferential creditors in your Statement of Affairs of £1,785. Now, in the assets you show cash in hand of accountants £1,089; cash in hands of wife £2,116; work in progress £200,000. A. Well, that is a very conservative estimate. After all, your department have got a letter written from White of Cooper Brothers on January 31st, 1970, to Scott, the financial controller in which it says that accounts had already been sent out for £297,000 at that date, and we knew of the other £70,000 in Dubai, so that was £306,000 and there was another month to go, so £400,000 odd would have been a very conservative estimate, and after all this was debtors --
515. Q. This is your conservative estimate of the work in progress taken over by the partnerships, is it? A. No, it is not a conservative estimate. After all, the £297,000 was accounts, not --
516. Q. I was using your words, that is what you said. A. Well, I said it is conservative - I am being rather facetious - against £40,000 being the only work in progress out of that lot.
517. Q. And you show fixtures and fittings estimated at £15,000? A. Yes, but that is ridiculous.
518. Q. And motor vehicles also £15,000. These are the assets which are supposed to have been taken over by either I.P.D. or the partnerships? A. Yes.
519. Q. And you show, in effect, total assets of £293,000, and on those figures you are showing a surplus of £43,779? A. Correct.

MR. BISHOP: You may consider this a convenient time to adjourn, sir.

THE REGISTRAR: Yes.

MR. BISHOP: I think I can say that I have no further questions.

BY MR. MUIR HUNTER:

- Q. Mr. Poulson, at the time of your bankruptcy you had been in business as an architect for getting on for 40 years, had you not? A. Yes, sir.
521. Q. And it is plain from your answers and the documents that you had a business of considerable magnitude? A. Yes, sir.
522. Q. And may we take it, therefore, that you had some slight acquaintance with business matters? A. Yes, sir.
523. Q. And had had apparently to deal with sums of great magnitude? A. Yes.
524. Q. And the calculation of profits and losses, and so forth? A. Yes.
525. Q. I take it that the documents that you do admit having seen, you must at least have read once? A. Yes, sir.
526. Q. Now, I am going to ask you, first of all, questions relating to your knowledge of the state of your affairs and what you yourself did. I shall then ask you some questions about whose responsibility what you did was in your opinion, but that is a separate question. It is right, is it not - and the Official Receiver has obtained your confirmation in your Preliminary Examination - that the judgment which the Revenue obtained against you on the 18th November, 1968, according to the details they have given us, related to income tax schedule 'D' for 1966 to 1968 of some £60,000 covering those two years; for your surtax for the years 1965/66 and 1966/67 of some £100,000, so that is £160,000 unpaid tax going back to the tax year 1965/66, is it not? A. Yes.
527. Q. And they also claimed against you for P.A.Y.E. Now, that is the employer's liability, is it not, to pay over to the Revenue the tax he has deducted from his employees salaries? A. Yes.
528. Q. And this judgment contained £50,000 of P.A.Y.E. for 1968/69 for, I think, four months. Now, that was your employees' money which you had deducted, was it not? A. Yes.
529. Q. Which you had not put on one side but had spent, I suppose, on the business, is that right? A. I should imagine so, yes.
530. Q. Or on yourself? A. No.
531. Q. And, therefore, as the Official Receiver put to you, by the time this judgment was obtained against you in November, 1968, may the Court take it that you had had made upon you a number

demands of increasing severity from the Inland Revenue?

Yes.

Q. And may we perhaps guess that those related back to perhaps 1967? A. I cannot remember. I mean, I didn't -- you think an architect of your standing would, in fact, have been brought to court for £200,000 of tax without a considerable number of letters of demand? A. I would not think so.

534. Q. No. Shall we say that perhaps they had been communicating with you for some 12 months? A. Yes.
535. Q. That would mean, therefore, that you knew that you were being pressed, shall we say, at the end of 1967 to pay all this tax - £200,000? If that is correct, does it not mean that at that time you were insolvent? A. Well, first of all the P.A.Y.E. was not in that year, it was in the following year.
536. Q. You are quite right. A. And, secondly, the figures had not been agreed on the others, so I was informed, and, of course, when I got any of these particulars I handed them to accountants, and in this case also to solicitors in London, Blundell Baker & Co.
537. Q. And did you defend the action in which the judgment was obtained? A. I think Blundell Baker did.
538. Q. And did you appeal against the assessment? A. I would not know what happened.
539. Q. In fact this list begins for the income tax schedule 'D' "Amounts agreed, not in dispute". So presumably you had not resisted that. Now, when this judgment was obtained against you there was a meeting, was there not, as a result of which a proposal was made for payment? A. Yes.
540. Q. And your proposal for payment was £20,000 a month for some seven months and then a total of £60,000 over two months? A. That was with my accountants and the Revenue.
541. Q. Now, that plainly shows, does it not, that you admitted knowledge of insolvency in having to offer to pay by instalments? A. No, it was a case of there were fees that were long overdue owing to credit squeezes and delayed payments from abroad, and the Rhyadh contract, and in the main those payments were going to be made out of the Rhyadh contract, which we had an agreement with Vickers to pay so much a month, which would have more than paid that.

- Q. At any rate, you were not able to pay this judgment out of your monies then available to you? A. Without I started suing big firms and close the business down as a result of it, but I was always owed more than I owed.
543. Q. You mean making a choice between suing your debtors and paying your income tax, or not suing your debtors and not paying your income tax, you chose not to sue your debtors? A. No, ultimately they would be paid, I was never under any doubt.
544. Q. But this relates to income tax only up to 1968. Were you making reservations for your income tax for the future periods? A. Well, I was taking the advice I was given. After all, I did not deal with that side of the business. I had external accountants for that.
545. Q. The solicitors to whom you have referred a moment ago were Blundell Baker? A. Correct.
546. Q. The firm of which we have heard a great deal and who acted for you subsequently, Clifford Turners, were not then acting for you? A. They did not come in until July, or the end of June, 1969, which correspondence will confirm.
547. Q. Then a month later, the 12th December, we find that you have asked for the dates of payments to be altered or postponed, do we not? A. Yes.
548. Q. And then on the 31st December, 1968, the Revenue write about the P.A.Y.E. requiring you to pay the £31,000 forthwith, which I suppose you must have done? A. We must have done.
549. Q. Now, that was not money which you were kept waiting for from Saudi Arabia, was it? A. There was a lot of these people, the Maltese Government --
550. Q. No, the P.A.Y.E. money was not money that you were waiting for -- A. Yes, all of these were fees --
551. Q. You mean that you had taken the employees' money that you deducted for P.A.Y.E. and spent it? A. No.
552. Q. Why was it not there? A. We had not received it.
553. Q. But your employees had been paid? A. Yes, but they had been paid set net salaries.
554. Q. I see. And the P.A.Y.E. could be left to wait; is that right? A. That is what in effect happened.
555. Q. Yes. A. For three months.
556. Q. Well, then you told us that in August, 1968, you had moved your overdraft to Lloyds with a limit of £200,000? A. Yes.

- Is that the time at which you had given security to Lloyds over personal assets? A. Yes.
- Q. Did that include a large number of shares in your wife's name? A. Correct.
- Q. I have a list here which appears to have come to some £11,000 worth? A. It was nine at the time, that was --
560. Q. They have gone up, yes. And then in February, 1969, did Lloyds then reduce your overdraft limit to £100,000? A. Yes.
561. Q. Now, you had, according to what you told the Official Receiver, been living to a large extent on bank credit, had you not? A. Well, it was an expanding business.
562. Q. Yes, but you had an overdraft limit at Barclays of £250,000, did you not? A. Yes. It varied. I mean, it was not always that, that was only occasionally; that was the top limit.
563. Q. And then when that limit at Lloyds was reduced in February, 1969, you took £100,000 secured advance from I.T.C.S? A. Which was their suggestion.
564. Q. Whose suggestion, Lloyds suggestion? A. Yes.
565. Q. That meant that you had converted an overdraft of £200,000 into two loans of £100,000? A. Yes.
566. Q. Secured, I suppose, on most of your assets? A. On two properties that I had extended.
567. Q. But you did not out of these advances pay off your income tax entirely, did you? A. No.
568. Q. When we look at the end of the day, you still owe £216,000, do you not? A. Yes, so I am told.
569. Q. Actually, Mr. Poulson, you will remember, will you not, that you have made a Statement of Affairs, each sheet of which you have sworn to? A. Yes.
570. Q. In which you put this down? A. Yes, but I mean I have not discussed this with accountants. I have never seen any computation of how that has been arrived at.
571. Q. I suppose it would be the judgment, would it not, less the amount that you paid? A. Not this one, because during the hearing of this, the first week I was at the Official Receiver's office, they sent a blue form - I forget the name of it - and they said we owed £136,000, and the following week - that was on a Friday - and the following Wednesday they rang up to say that they had made a mistake and it was under sixty.

Well, no doubt the Trustee will have the particulars about that. Now, the next date to which you have deposed is the visit by Mr. Wilson, Mr. McCowan and Mr. Baker, and a solicitor named Stringer, in June, 1969. That is what you said at your Preliminary Examination which you have roughly repeated this morning; on either the 23rd or 30th June, 1969, those four gentlemen called on you, and I quote, "They produced figures and stated I was bankrupt." A. Sorry, it was "insolvent", I realise now --

573. Q. Actually would you perhaps like to look at the bottom, is that your signature at the bottom? A. Yes. "Bankrupt" and "insolvent" did not mean what I find it to mean now.
574. Q. Insolvency means you are unable to pay your debts as they fall due; bankrupt means that you are on the point of being declared bankrupt. Shall we proceed on that basis? A. Yes.
575. Q. Now, you said that you were too shocked to ask why those figures had been produced and who was responsible. Do you really mean, a person of your standing, that that was your reaction to the statement made by your colleagues? A. It certainly was.
576. Q. Are you trying to make out that you are a sort of timid, easily shockable man? A. No, but at the same time it is a shock after you have been in business all those years to suddenly be told this, and you had no warning. We did not even know things were being done that weekend to prove this.
577. Q. You then continue, "I was aware, of course, of the reduction in the work" - that means the reduction in the volume of your business? A. Yes.
578. Q. Which, of course, would reduce your profits? A. Yes.
579. Q. "And I was under pressure from Lloyds Bank to reduce the overdrawn balance on my account, but it had never been insinuated before that I was insolvent". And then you told the learned Registrar about the visit to Mr. King, and when you were there Mr. Wilson joined you, and you go on, "He informed us that he had seen Mr. Maudling and told him that I was bankrupt"? A. Yes.
580. Q. Now, that is Mr. Reginal Maudling who was then a Member of Parliament in the Opposition, now the Home Secretary? A. Correct.
581. Q. And, of course, the Chairman of I.T.C.S., was he not? A. Yes.

Now, did you believe what Mr. Wilson told you, that he had told Mr. Maudling? A. Yes.

Q. So may we take it that for the purposes of this case --

A. He told Mr. King it in front of me in Mr. King's flat.

584. Q. Yes. May we take it for the purposes of the investigation of your affairs that from this time onwards, that is to say the end of June, 1969, Mr. Maudling must have known that you were insolvent, at least in the opinion of your professional and accountancy colleagues? A. Yes.

585. Q. And apparently Mr. King contradicted this? A. Well, he contradicted Mr. Wilson.

586. Q. Was it then that Mr. Grimwood, a partner in Clifford Turners, was introduced to you? A. He was not introduced that next fortnight, because he was on holiday, but the firm was introduced and another partner - the name of the man I do not remember.

587. Q. Was that Mr. Sprawson? A. No, he was not a partner, he was only --

588. Q. Mr. Simpson perhaps? A. No, he was not qualified at that time.

589. Q. One of the other partners? A. Yes, one of the partners; they were not partners in Clifford Turners.

590. Q. Now, one of the problems of this time was, was it not, that you were being sued by your partner Mr. Harvey? A. Yes; that was the same week.

591. Q. Now, you told the learned Registrar this morning that it was Messrs. Clifford Turner who told you not to defend the Harvey action? A. That is right, and the same with the following one.

592. Q. But, in fact, you did defend the Harvey action, did you not? A. No, I didn't go to any court, no.

593. Q. Well, I am afraid I only have a very limited note of what I wish to put to you, but it is quoted from a local newspaper, "The Castleford and Pontefract Express", dated 31st July, 1969. This is in this article in "Private Eye" which you said was very inaccurate, but let me read what they say about the Harvey case; "Harvey was suing Poulson in the High Court for £61,000, and John Poulson's cavalier treatment of the claim had met with severe reproof from the courts. Mr. Justice Pennycuik stated in the High Court last July" - that means July 1969 - "that he would have appointed a

- receiver" - that is of the partnership - "had Mr. Poulson not gone back on his earlier contentions that the two agreements upon which Mr. Harvey based his actions were mere shams and he was now willing to account." Had you described the agreements upon which Mr. Harvey was suing as "mere shams"? A. That is what my solicitor said they were.
594. Q. Then you put in some kind of defence? A. Just a minute. The solicitor was changed the day of the court, Clifford Turners came into it and Stringer was dismissed at Clifford Turners' request, and I did not appear in any court. What I understood happened, and I can only say second-hand, is that they went in and said that they would agree to figures being given and a settlement made on figures prepared by Cooper Brothers.
595. Q. But is it right that in your name it was said that Mr. Harvey's agreements were sham? A. I did not know that, but I know that that is what my solicitors always maintained.
596. Q. Do you mean that was said without any reference to yourself? A. I was not in court, sir.
597. Q. No. But, I mean these papers are all prepared long beforehand, are they not? A. As I said, there was a switch of solicitors and there was --
598. Q. Did you - it must be a matter of record, and remember you are under oath, Mr. Poulson - did you tell your then solicitor to defend Mr. Harvey's claim on the footing that the agreements were mere sham? A. No, because he made the suggestion to me.
599. Q. Did you instruct your solicitor to that effect? A. Well, I would not know whether they were shams or not.
600. Q. Did you instruct him that they were shams? Come, Mr. Poulson? A. No, I didn't, for the simple reason that he made the suggestion himself, and I took his advice.
601. Q. But whether a thing is a sham surely depends on the person who makes it. You made this agreement with Mr. Harvey; did you believe it was a sham? A. No, I did not.
602. Q. So, for the purposes of defeating Mr. Harvey, you allowed it to be pretended that your case was that the agreements were shams. Which would you prefer to be, Mr. Poulson, a person who defends the case on the grounds that it was a sham, or who pretends that it was a sham? Would you like to choose? A. There is only one choice.

- What is that? A. The honest one.
- Q. The honest one is that this was the pretence that it was a sham, which was then abandoned? A. I did not know it was abandoned.
606. Q. Now, the reason for putting up such a pretence was to avoid paying Mr. Harvey his share of the profits, was it not?
A. No, For the simple reason it was put forward that Cooper Brothers would settle what it had to be, so it would be on that basis.
607. Q. No. This was a claim by Mr. Harvey for his share of the profits under the contract, was it not? A. First of all --
608. Q. That is what it was, was it not? A. Yes.
609. Q. You said that he was not entitled to any profits, that is right, and the reason, apparently, you originally gave for saying he was not entitled to any profits was that the agreement was a sham? A. This is what my solicitor said.
610. Q. On instructions from you or with your approval? A. No, they made the suggestion.
611. Q. The reason for putting that forward, surely, was to avoid paying Mr. Harvey? A. That is what they maintained.
612. Q. That was the reason for defending the action in that way, was it not? A. This first of all started as arbitration. It was on their advice that I went to High Court, not mine. And remember this, that, first of all, the action was not originally against me. After all, I could not dismiss Harvey; he was a partner with McCowan. But I had to go to McCowan's aid because I was financially implicated in the agreements, and that is how I only came into it.
613. Q. Now, I put it to you positively that your reason for trying to keep Mr. Harvey at bay was that you just did not have the money to pay him and you would stop at nothing to avoid another judgment; is that right? A. No. Otherwise we would not have agreed to -- Our suggestion was Cooper Brothers gave the figures, and the figures that they decided on would be acceptable.
614. Q. This was within four weeks of your having been told by Mr. Wilson and company that you were insolvent? A. It was the same week.
615. Q. The same week, was it? Well, the date in the newspaper is the 31st July? A. That was not the date of the hearing in the High Court.

Then the next thing that we find is the first Cooper Brothers' report. Now, you admit, do you not, that you saw the first Cooper Brothers' report? A. Yes.

Q. Just so that there is no confusion about it, I am going to show you a photograph of a document entitled "Memorandum of financial information concerning J.G.L. Poulson, Index" consisting of 66 paragraphs and prepared apparently by Cooper Brothers. Is that the document you think you remember seeing? A. Yes.

618. Q. Now, if we look at paragraph 41 of this, we find the following: "In view of this position shown by the adjusted balance sheet (the adjusted balance sheet shows that you had a deficiency of £12,000) the firm might be considered to be in a position of insolvency. We consider that Mr. Poulson should be aware of the gravity of this situation." Now, did you read that paragraph? A. Yes.

619. Q. That would confirm, would it not, from a firm of eminent accountants what Mr. Wilson had told you two months before? A. Yes.

620. Q. And then we look at paragraph 62 under the "Conclusions" and we find this: He said that your trouble was an inherent lack of permanent capital. "We suggest that consideration be given to any combinations of the following methods of obtaining the required funds" - and they suggest more overdraft, more partners, more capital, more mortgage facilities - and then finally "moratorium of creditors, of whom the principal one is the Inland Revenue." Do you remember reading that paragraph? A. Yes.

621. Q. I will ask you to remember that passage, because we shall come back to it in a moment. And then they say in paragraph 64: "It might be concluded the present crisis is a temporary one which can be overcome by temporary borrowings or further postponement of liabilities. We must point out that in the years to 30th June, 1972, there will be further tax liabilities arising from increasing profits", and then they go on to suggest that that is why you must have some more partners. Well now, when you had read that you must have been confirmed in your mind, must you not, that you were insolvent and that your creditors were therefore persons interested in your position? A. Yes.

622. Q. And Coopers had suggested, had they not, that you call a

- Q. Did you ever do so? A. I followed the advice --
- Q. Did you ever do so? A. No.
- Q. We will come in a moment as to why you did not do so.
- Well then, one of your items, the items on which you were counting to pay your debts, was it not, was the debt owed to Ropergate by I.T.C.S. of £70,000 from the Dubai contract?
- A. Well, there are five jobs there, not one.
626. Q. Yes. But the figure of £70,000 was the one that you mentioned? A. That is right.
627. Q. Now, you went and saw Mr. Maudling about that, did you not?
- A. No, we sent him the accounts and later, in August, Mr. Grimwood went with me to see Mr. Maudling about it.
628. Q. Did you not go to see Mr. Maudling with Mr. Grimwood?
- A. Yes, in August.
629. Q. In August, 1969? A. Yes.
630. Q. That would be before the Cooper report had reached you?
- A. Yes.
631. Q. And did you ask Mr. Maudling if he would take steps to see that I.T.C.S. paid the £70,000? A. Yes.
632. Q. And what did he say? A. Well, Mr. Grimwood left him in no doubt he was going to --
633. Q. What did Mr. Maudling say? A. I cannot remember exactly, for the simple reason that he was not in a very good condition to discuss business that day.
634. Q. Mr. Poulson, we are speaking about a very large book debt, something like a third of all the outstandings to you, are we not, £70,000? A. No, there was more than that outstanding at that time, far more.
635. Q. I am speaking of the work in progress? A. Yes, but the work in progress figure was probably £450,000 minimum.
636. Q. Alright, a fifth shall we say; and do you say that you cannot remember what Mr. Maudling said about seeing that I.T.C.S. paid -- A. It was a most unsatisfactory meeting. Mr. Maudling was not very well.
637. Q. What did he actually say? A. Well, he did not dispute it because he had had the accounts.
638. Q. He admitted that I.T.C.S. owed Ropergate £70,000? A. He did not deny it, yes.
639. Q. Did he make any proposals for ensuring that the company paid the sum? A. He said he would look into it.
640. Q. Yes; well we must come back to that because it is a matter of

some importance. Then the next event that we know about is the memorandum of the 9th November addressed to you by Messrs. Wilson, McCowan and Baker, which the Official Receiver asked you questions about. Perhaps you would just like to look at that, it is a photographic copy. (Handed) A. Yes.

641. Q. You remember that. This is a detailed account, is it not, of their view of the financial position of the practice. It is headed "Condition of practice finances", and their proposals for remedying its condition? A. Yes.
642. Q. And you discussed this with them? A. Yes.
643. Q. And the proposals they made? A. Yes.
644. Q. Now, in this at page 5 we find the following under the heading of "Companies": "The general principle must be that all the companies, i.e. O.S.B." - that is Open System Building - "I.T.C.S., W.W.I." - World Water? A. World Wide Interiors.
645. Q. "And I.T.C.S. (Africa) should be self-financed and self-developing and should henceforth receive no subsidy whatsoever from J.G.L. Poulson or Ropergate Services." It was your view then, was it not, and it still is, that you had in fact been subsidizing I.T.C.S.? A. Yes.
646. Q. And they go on: "Advances due to Ropergate Services, i.e. effectively to J.G.L. Poulson: The following sums have been advanced to the companies in recent years". And then "We must exploit their tax loss potential or arrange for the companies to repay by instalments within their own resources". And they give "O.S.B. £59,000." That was a company controlled by your wife, was it not? A. Well, she was the largest shareholder. She did not control it, she never went to a meeting. Oh yes, she went to annual meetings.
647. Q. "I.T.C.S. Limited (excluding Mexico) £125,000" - that is £55,000 more than the sum for which you had made a demand on Mr. Maudling about this time, "and in respect of Mexico £39,000" - that is £164,000. And there are other lesser sums for the other companies. Well now, did you act on this report? A. I took it to Mr. Grimwood and he was dealing with everything at that time, absolutely everything.
648. Q. The principal thing you wanted was money, was it not? A. Yes.
649. Q. For the payment of your creditors? A. Yes.
650. Q. And then the first thing surely to get your money was to sue the people who owed you, was it not? A. Yes.

- Why did you not sue O.S.B. for £59,000? A. Well, Grimwood never suggested it.
- Q. No, no, no. You are not a puppet. A. Just a minute, I agreed to do everything that they said after they took over.
653. Q. You mean, knowing that you ought to recover your debts --
A. Because they assured me that I would be alright in the end, and even on the day of the signing, months later --
654. Q. We will come to that in a moment. I want to be fair. A. So I had no reason to be other than quite satisfied that creditors would be fully paid and I would have a surplus. There was never any doubt, according to Grimwood's statements.
655. Q. You mean you trusted Mr. Grimwood to take such action as was necessary to recover the sums from your debtors? A. Yes. He dealt with Vickers, he dealt with Maudling - those were two big ones.
656. Q. When you say "dealt with Maudling", he did not in fact get any money out of I.T.C.S? A. No, they had a terrific row.
657. Q. But it was your intention, was it, that they should pay?
A. Yes, that is why we rendered accounts.
658. Q. You are quite sure about that? A. Oh, definite.
659. Q. It was your intention that they should pay. A. I have never had a letter or anything to say they had no intention of not doing.
660. Q. Then they mention the "consultants" about which the Official Receiver has asked you some questions and to which I shall later return, and they make a number of other suggestions for economies. Now, did this not convince you that you were in a fairly difficult and dangerous position? A. Serious, for the simple reason that is why I went to Clifford Turner.
661. Q. I am going to give you a date which you may not remember, but it is in a letter from Mr. Wilson to Mr. Grimwood referring to yourself, a letter dated the 29th November, 1969, in which Mr. Wilson says:- "Following the talk which Mr. Poulson and I had with you on Thursday, 27th November" - so we may take it there was a meeting - "at which you outlined the structure discussed between yourself, Mr. Sumner and Mr. Stone, to be brought into existence on the 1st January, 1970." Now, this was a new structure for your practice, was it not? A. Yes.
662. Q. "Mr. Poulson has suggested I provide you with a daily report on the steps taken to bring the new structure into existence" and then he goes on to talk about the re-arrangements of the firm and the construction of the new partnership which no

- doubt you had in mind? A. There was only one, and that was that I was to take Booth in as a partner at that time.
- Q. On the second page Mr. Wilson says: "If it is feasible we can begin arranging financial facilities in readiness for 1st January, 1970." That makes it plain, does it not, that a changeover between yourself and Mr. Wilson and Mr. Grimwood was being contemplated for the end of the year? A. As later events proved, and from the second report which I did not see until I saw it at the Official Receiver's, it would appear that is what they had in mind, but I was not aware of it at that stage.
664. Q. Well then, on the third page Mr. Wilson says this: "On the debit side it remains the case that the coming week beginning December 1st will probably turn out to be the most critical we have so far experienced." Would you agree with that description, if you can cast your mind back to the 1st December, 1969? A. I would not know.
665. Q. "Mr. Poulson is dealing directly with you in regard to the discharge of the Drake & Warters and John Atkinson writs." Were those claims by your business creditors, Drake & Warters and John Atkinson? A. They were debtors.
666. Q. Debtors? A. No, sorry, they were creditors.
667. Q. Who were suing you? A. Who were suing, yes.
668. Q. And you and Mr. Grimwood were trying to deal with them? A. He dealt with them.
669. Q. He dealt with them, by paying them off? A. Yes.
670. Q. And then he goes on, "We shall dispose of the Rolls Royce as soon as we have the authority from the finance company concerned to do so." So you were going to sell the Rolls Royce? A. That was Grimwood's suggestion.
671. Q. And then he goes on to say: "I hope to visit the local Collector of Taxes to secure from him some moratorium on bringing the P.A.Y.E. payments up to date." So that the P.A.Y.E. had not yet been paid off in full? A. I think those that you talked about had, but these were for the current year.
672. Q. He also refers to arrears of National Insurance? A. Which were paid.
673. Q. And then he goes on: "You will see from this account that our prospect remains patchy. In describing the proposed new structure to the principals, I have, of course, refrained

- from describing in detail the precise state of our finances and particularly our indebtedness." Now, "the principals" here means the prospective new partners of the practice, does it not? A. I would imagine so.
674. Q. And must include yourself. And, of course, you were asked, were you not, whether the partners knew of the size of your debts, and I think you said they did not. A. I am sure they did not. Well, I did not think they did. I am beginning to wonder what they knew now.
675. Q. Well, in fact, do you remember, was it brought to your attention that the solicitors, Hepworth & Chadwick, acting for those gentlemen had written a letter on the 4th December in fairly strong terms. Would it have been shown to you, do you suppose? It was addressed to Mr. Grimwood by Hepworth & Chadwick on the 4th December, 1969? A. Well, I have no recollection of it.
676. Q. It starts off by saying that they act for Johnson, Hancock, et. the proposed new partners. A. Well, he certainly did not bring it to my notice, because I did not know that.
677. Q. And then the letter concludes thus: "It is within our knowledge that Mr. Poulson is in serious financial difficulties. If this scheme is to be successfully implemented it is clear that the existing liabilities must be fully provided for, and we consider it an essential prerequisite of negotiations that they should be fully disclosed to our clients, and please therefore authorise your client to authorise Cooper Brothers to meet us and disclose the position to us, and authorise us to disclose the position to our clients." Well now, you said you did not remember seeing that letter. Would you look at this letter of the 5th December addressed to you by Mr. Grimwood in which he sends you a copy of that. (Handed to witness) That letter comes off one of your own files, I think you will find. So that shows that you knew about that letter. You see, Mr. Grimwood says, "I cannot see the relevance of the current financial position and perhaps we can discuss this when we meet." Does that mean that Mr. Grimwood considered that the interests of your creditors did not need to be considered? A. I would not know. Not that I know. The suggestion always was that they would be paid.
678. Q. Now, we know that at the beginning of December you had an interview with Mr. Emmett of Cooper Brothers, did you not?

beg your pardon? A. And White.

And White. Did they discuss their forthcoming second report?

A. They discussed the financial part of it, and the fees that were due. There were only two things that we discussed at that meeting and that was the home fees and the overseas fees, and they had asked Wilson to prepare a list of the overseas fees.

681. Q. But was there any discussion of whether you had a duty to consult your creditors? A. Not that I am aware of. I cannot remember as far back as that.

682. Q. Apparently there was the first meeting between Mr. Wilson and Mr. Emmett on the 1st December when the proposed arrangement was discussed, at which, I put it to you, Mr. Emmett said that the creditors would have to be consulted before the proposed restructuring could be brought into effect. May we now pass to the meeting which you recall, and I put it to you that it was the 3rd December? A. Yes, it would be about that time. It was late one evening after closing time.

683. Q. In a letter dated 6th December and written by Mr. Wilson, again to Mr. Grimwood, Mr. Wilson says this: "On the 1st December I saw Mr. Emmett. I have reported the results of that talk to you (a) in his view the creditors would have to be consulted before the restructuring is brought into effect. He retracted this view on 3rd December to Mr. Poulson and myself." A. He retracted?

684. Q. Yes. Now, do you remember it being said at the meeting between yourself and Mr. Emmett that Mr. Emmett retracted his view that the creditors would have to be consulted? A. No.

685. Q. You remember nothing about that? A. No.

686. Q. Now, this letter continues: "By discussing the drawing up of heads of agreement between Messrs. Clifford Turner on the one hand and Hepworth & Chadwick on the other -- " Did you know that this agreement was being drawn up at this time? A. No.

687. Q. You mean you had absolutely no idea at all? A. I knew there was agreements -- There was some suggestion of a new set-up from January 1st in which I was going to take into partnership Booth, but so far as any other agreements, no.

688. Q. Well, what about the transfer of the business to I.P.D? A. I knew that that was -- That was not the professional businesses, that was Ropergate Services that was being transferred to I.P.D., as I understood it.

- That is what you had in mind? A. It was not what I had in mind, it was what I was advised to do.
- Q. I am going to read a passage -- A. I.P.D. could not take over the professional businesses.
691. Q. We will see. At any rate, you knew that some agreements were in the process of being drawn up? A. Yes, or about to be, yes.
692. Q. Then to return to it, I am going to read you a paragraph at the end of this letter, because it turns on something else that we shall be investigating. "I have asked Mr. Poulson", he says, "to seek your view on the advisability of informing Lloyds Bank of the intention to divert fee income up to £22,000 to the Revenue to discharge P.A.Y.E. liabilities by 12th December, and about £13,500, of which £2,500 by 12th December to National Insurance." Did you in fact have a discussion with Mr. Wilson about diverting fee income to pay the National Health and P.A.Y.E? A. Well, I cannot remember it, but I mean --
693. Q. Mr. Wilson asked you to ask Grimwood? A. Yes, I said I cannot remember the incident --
694. Q. You cannot remember? A. No.
695. Q. Do you remember in fact diverting fee income for that purpose? A. Diverting it to where?
696. Q. Well, I will tell you where it appears to have gone. It appears to have gone to an account in your wife's name at the Horbury branch of Barclays Bank, of which your brother Carl was the manager. Does that remind you? A. Not that sum, not that sum there.
697. Q. Your brother is the manager? A. Was.
698. Q. Was the manager of the Horbury branch of Barclays Bank? A. Yes.
699. Q. And did you not in fact transfer to that bank a very large amount of your fees? A. I was not aware of anything before Christmas.
700. Q. No, no - in due course? A. Sorry. I saw the statement that was made transferring - I was not aware of it at the time - in, was it, March?
701. Q. In March, yes. A. The time Mr. Clarkson showed me. I thought you were talking about Christmas; you were mentioning December.

- Q. Well, I assumed that this diversion was in fact what ultimately took place, but perhaps it was not. A. It was not known to me at the time.
703. Q. Mr. Wilson concludes: "It seems essential at least to tell the bank what is happening. I say this because to fail to do so will destroy any possibility of help from Lloyds bank at the end of December." A. This was a letter in December, was it not?
704. Q. Yes. A. These transactions you are referring to now, as far as I remember when I saw them, were at the end of March.
705. Q. Possibly they were not achieved until then. Well now, we then find documents coming into existence --. Just to leave no doubt about this, you said that you do not remember Mr. Emmett retracting any statement that the creditors must be consulted. Did you have any discussion with him about the creditors being consulted? A. I cannot remember anything, except I remember discussing the fees of the home position - that is the fees in the U.K. - and the fees of overseas, and it was mainly for that, so that he could finish his report and put in the estimates of that, that that meeting took place that evening.
706. Q. Perhaps this will stimulate your recollection. You know, do you not, that Messrs. Cooper Brothers produced a second report dated the 10th December? A. This is what you are referring to. This is what the meeting was about; it was for the figures for that report.
707. Q. Well, in this report which we may assume to have already been in draft, at paragraphs 5 and 6 Mr. Emmett says this after discussing the scheme: "The whole purpose of this proposed scheme is to enable the practice at present carried out by Poulson to continue its existence without the present crippling burden of accrued liabilities. In order to do this, the partnership of J.G.L. Poulson must cease to trade and the activities must be carried on by two new partners." Now, you knew that something like that was on foot, did you not?
- A. Yes.
708. Q. "We understand that the accrued liabilities will remain with Mr. J.G.L. Poulson, and if our understanding is correct, we feel bankruptcy proceedings will inevitably ensue if arrangements are not made to come to terms with his creditors." Now,

- that in their formal report. Now, do you say that there was no discussion about the necessity of consulting your creditors at the meeting on the 3rd December? A. Not that I am aware of, and I am jolly sure I should have remembered it at the time.
709. Q. Was Mr. Grimwood present? A. No, there was only Wilson and I, Emmett and White. You see, I asked for all Wilson's files, but I found out he gave instructions when he left that they had to be burnt.
710. Q. And then the next paragraph 6 concludes: "Unless Mr. Poulson can demonstrate to his creditors that a viable scheme has been put forward for financing this deficit (which would be £93,000 at the 31st December, 1969) it seems probable that bankruptcy proceedings will ensue." Now, do you say that this report was never seen by you? A. It was not seen by me until very much later, in fact this last year.
711. Q. And do you say that its contents were not communicated to you? A. In the main, yes. Some of them might have been, isolated ones.
712. Q. So that if Mr. Grimwood received a copy of it, he never told you about it? A. He never showed me it or told me about it.
713. Q. The report goes on to talk about what will happen when you become bankrupt, and paragraph 8 says: "We think it important that Mr. Poulson is not a partner in the new firms for taxation reasons, and also because the new firms may be vulnerable to claims by a Trustee in Bankruptcy on their assets." And then he goes on to say, "We must assume that if the consideration" - that means the value - "for the transfer of any assets from the present practice is based on normal commercial terms, the transaction cannot be attacked with any hope of success by a Trustee in Bankruptcy, but legal advisers should be consulted on this." This means, in plain man's language, that provided the purchasers pay a proper price, the Trustee in Bankruptcy would not be able to complain. Now, was this point ever discussed with you? A. No, never, because he never told me anything of these details.
714. Q. The next event then would seem to be the beginning of the preparation of the draft agreements. Well now, we are in possession of your file headed "Interplanning and Design Limited." Would you recognise it if I show it to you?

- Q. That is my writing, and that is a file you had in your possession and it contains original letters addressed to yourself.
A. Yes.
716. Q. And may we take it therefore that the contents of this file would have come to your notice? A. Yes.
717. Q. Because we find here a document entitled "Draft C.G.S.", which you may take it, I think, refers to Mr. Stickler of Clifford Turners' firm, dated 18.12.69, which is a draft agreement to be dated 31st December, 1969, between yourself, your wife, Ropergate and Interplanning and Design - I.P.D. Do you remember seeing such a draft? A. Remember it, no.
718. Q. Now, the company I.P.D. - Interplanning and Design - were to take over the practices, were they not, and were to issue a large number of shares? A. That was --
719. Q. £180,000 worth of shares. And do you remember that clause 12 said this: "In consideration of the premises" - that means what had gone before - "the company shall allot and issue creditors as fully paid up as first directors of the company" - I will come back to this in a moment - "blank ordinary shares of £1 each of the capital of the company, and the Trustee shall hold the same in trust for the creditors of Mr. Poulson and of the firms of J.G.L. Poulson and J.G.L. Poulson Associated and of Ropergate, and subject thereto in trust for Mr. Poulson of Ropergate and Mrs. Poulson of Ropergate, hereby agree and acknowledge that such allotment and issue of shares shall be good and sufficient consideration for the obligations undertaken by them," and so forth. Now, the Trustees of this clause are to be Mr. John Leonard King - is that your wife's brother-in-law? A. Yes.
720. Q. A Mr. Reece Reynolds, a solicitor? A. Yes, he is a consultant with Joynson Hicks.
721. Q. A Mr. Musk? A. Yes, ex Coutts Bank - they were all directors of Pollards.
722. Q. A Mr. Stone? A. I.C.F.C. and Pollards.
723. Q. So these were all directors of the Pollard Bearing Company which Mr. King -- A. Had sold out the previous year - the same year, earlier that year.
724. Q. Now, this states, does it not, that one of the principal considerations that you were to receive were shares in this company which would be held in trust for your creditors?
A. That is what I always understood was the case.

- So, if in fact you saw this you would have known roughly what was afoot? A. But certainly that statement about those shares to be held in trust was always what I understood it was.
726. Q. Now, did that mean that you were being advised by Mr. Grimwood to convert a substantial part of your assets into shares in a private limited company? Was that where it was coming from? A. I understood they were going to earn monies the same way as Ropergate Services did.
727. Q. Yes, but look, at this time what do you suppose your accrued creditors were; do you have any idea? A. Well, excluding the Revenue --
728. Q. Why excluding the Revenue? A. Because it had not been settled at that time.
729. Q. There had been judgment? A. Yes, I know there had been judgment, but there had been payments made against that judgment, it had been reduced. And also later that year we were told that the Revenue owed me money, not that I owed them.
730. Q. Which year? A. 1971, and I had not --
731. Q. We are now in December, 1969, you see, and I am asking you questions -- A. But monies had been paid by Grimwood during that year from fees he collected, particularly from Vickers, to pay the Revenue.
732. Q. But, in fact, you owed a very large amount of money, did you not? A. Yes.
733. Q. In fact, such a large amount that in the opinion of Messrs. Cooper Brothers you had a deficiency as at 31st December, 1969, of £93,000, did you not? A. So they said.
734. Q. So they said. Well now, what you were going to do was to convert a substantial part of your assets into shares in a private limited company; that is right, is it not? A. This is what I was advised to do, yes.
735. Q. Were you advised to do that by Mr. Grimwood? A. Oh yes. Well, I would not have thought of it myself.
736. Q. Did you know that this would render your assets more difficult for your creditors to pursue? A. Certainly not.
737. Q. What did you think your creditors would do in the meantime? A. I do not know, I left that -- It was being protected; they were being protected to the best of the ability this way I was assured.
738. Q. Yes. A. That is why they were held in trust for the creditors.

- Q. Are you thinking of an actual conversation or a letter in which you were told that that would be the consequence?
- A. No, it was conversations; it was the impression all the time that the creditors were being protected.
740. Q. You see, Mr. Poulson, there are two possible constructions of your conduct, are there not? One is that you knew what you were doing and you were putting your assets out of the reach of your creditors, with the assistance of Mr. Grimwood and your wife's brother and other people, or alternatively that you were a complete innocent and you did sign whatever was put in front of you? A. The latter is the case.
741. Q. And you wish this Court to believe that you were an innocent who signed anything that was put in front of you? A. I certainly did.
742. Q. Without taking any precautions to see that your creditors were not thereby harmed? A. Look, I went to one of the best firms, I was assured, in this country.
743. Q. That is not an answer to my question. A. I did as I was asked by them.
744. Q. So, if, in fact, the consequence of what was done between yourself and I.P.D. and your wife was to put your assets out of the reach of your creditors, you desire to put the entire blame on your solicitors, Messrs. Clifford Turners? A. Very definitely.
745. Q. You have spoken about Mr. Grimwood. Who else would you say you received that advice from? A. Well, he did it personally. I mean, I did not see many of the others.
746. Q. We have heard about Mr. Sprawson? A. I think he had only just qualified; he was only a boy. He never passed any opinions.
747. Q. And this Mr. Stickler apparently? A. Well, I think you will find he is unqualified. He only came in right at the beginning; he did not give any opinions. It was a one man ---
748. Q. What about Simpson? A. Well, Simpson was being a barrister, I understand, and was qualifying to go to the law and he did not pass any opinions. Grimwood was not the type to have juniors tell him.
749. Q. Well now, when you got to this dinner party on the 31st December, 1969, you have made out that the idea that it was to be turned into a business meeting with documents to be prepared and signed came as a complete surprise to you?

- Q. Do you really wish the Court to believe that nothing that was then placed before you was previously known to you? A. Why would I wait until I got in touch with Grimwood if I had have done? There would have been no point; and, furthermore, I am still waiting for the dinner party; it never has taken place.
751. Q. And do you say that the scheme as then outlined to you was satisfactory to you or what? A. No, it was not, but I was told I had no alternative.
752. Q. What do you mean by "no alternative"? A. Well, I mean I had to sign there and then.
753. Q. You do not have to; you were not held down, were you? A. No, but I had not even my own solicitor there.
754. Q. I daresay, but what did you gain by --- A. And then eventually when I got in touch with him he said, "Oh sign it, I can undo what has been done later."
755. Q. This is when he had been dug out of his hogmanay party, or whatever it was? A. That is right.
756. Q. So speaking on the telephone at long distance, you say, Mr. Grimwood had explained to him what the proposed agreement was? A. Well, Sprawson gave it to him.
757. Q. Sprawson told him, and, having been told about it, Mr. Grimwood said "sign"? A. Yes, that is right.
758. Q. And you say you accepted his advice? A. Definitely. And my wife as well.
759. Q. What was the inducement for you to sign? A. I had such confidence in this man.
760. Q. No, you said you had no alternative? A. Well, I had no alternative but to sign when he said sign.
761. Q. But he has not got around to saying "sign" yet. A. Oh yes he did; I didn't sign until he did.
762. Q. What pistol was being held at your head? A. Well, the fact that I.C.F.C. said that they would not carry on with it without I did.
763. Q. You mean the incentive to this was that I.C.F.C. should put up some money? A. Well, no, but I understood it was necessary if it was going to have a new firm.
764. Q. I see. And were you applying your mind to the interests of your creditors? A. No, I was employing my mind to the fact that here I had been in business all these years and suddenly I had it taken away from me that night.

- Well, why did you sign then? A. Because, as I said earlier, I signed when Grimwood said "sign".
- Q. What did he think you were going to get out of it? A. I have not the foggiest. I now realise that he knew about this meeting, but I did not realise at the time and he has never admitted to it.
767. Q. Do you know who were the solicitors for Interplanning and Design (I.P.D.)? A. Yes, the same people weren't they, Clifford Turner.
768. Q. You mean Mr. Grimwood's firm was advising both sides? A. Well, I understand so.
769. Q. But you had, in fact, been sent by Mr. Stickler a copy of the draft agreement containing the reference to the trust for creditors which you considered to be the intention? A. Yes.
770. Q. So you know something about it before you got there? A. Yes, but I was not told I was going to a meeting first of all. I did not know I was going not to be a partner in a business that was mine when I walked into that building.
771. Q. Well now, do you remember -- A. And I can never understand why Grimwood did not tell me.
772. Q. Possibly he was serving two masters; do you not think that is possible? A. It is obvious now, is it not, but I did not know at the time, did I?
773. Q. Who would be his other client? A. His other client would be John King --
774. Q. Your wife's brother? A. Yes. He had done the Pollard deal with I.R.C. for him.
775. Q. Well now, when we look at what ultimately happened there was a formal agreement which is dated the 22nd January, 1970, which bears a strong family resemblance to the draft that you have identified? A. Yes, I have seen that. Sorry, you were talking about the I.C.F.C. agreement.
776. Q. Yes. Now, when that came to be signed it was not in the middle of the night, was it? A. No.
777. Q. It was during the day time? A. Yes.
778. Q. Where was it signed? I.C.F.C. offices in London.
779. Q. Did you read it? A. Yes.
780. Q. Did you know that it contained one vital alteration? A. No, what are you referring to?
781. Q. Well, what was then paragraph 12 is now paragraph 11 which provides for the issue of the shares to the trustees; that has gone, and all that is provided is that the company shall

issue to King, Musk and Stone the 140,000 shares - full stop, so to speak. "Which is to be good and sufficient consideration for the obligations undertaken." So the reference to the trust for creditors has disappeared. Did you notice that? A. Not at the time. I had it shown to me when I was at the Official Receiver's office. That was the first time I knew of a change.

782. Q. Do you say that this one was signed at the I.C.F.C. office?
A. I think so, yes, if my memory serves me right.

783. Q. Well, if we look at the minutes of I.P.D. -- A. Or was it signed as a result of that meeting?

784. Q. Well, I.P.D. itself did not sign until a month later, on the 20th February? A. So I was informed later by the Official Receiver.

785. Q. You were not there at that time? A. No.

786. Q. Now, the other thing that has altered in this thing, apart from the disappearance of the trust for creditors, is that Mr. Reece Reynolds has dropped out. Do you know why that should have been? A. I understand that he had a slight coronary that year and he was about to be appointed Recorder for the County of Surrey - not Recorder, what do you call him?

787. Q. Well, some judge or other? A. Not judge, as the gentleman --

788. Q. Registrar? A. What was Hargreaves in this area?

789. Q. Lord Lieutenant? A. No. High Sheriff of Surrey, sorry. I wanted to get it absolutely right. And he gave up all his agreements and associations with the King family for 12 months, but Reece Reynolds went with Grimwood every time to the Revenue, I do know that.

790. Q. Did not Mr. Reece Reynolds say at one stage that he was not going to have anything more to do with this I.P.D. affair?
A. Not in my presence.

791. Q. He did not say it to you? A. No. I only met him once at John King's residence.

792. Q. He was, however, a director of I.P.D. at the beginning?
A. According to the records he was originally, yes.

793. Q. And would you accept that we have here in this file his resignation dated 20th February? A. Yes, if you say so.

794. Q. But do you say that he did not say to you that he was resigning through any dissatisfaction? A. The information I had from Grimwood at that time was because he had a heart attack and he was taking on this job of High Sheriff.

4. Well now, this agreement of the 22nd January comes the day after a meeting which we know took place on the 21st January with the Inland Revenue. Now, did you attend a meeting with them? A. I did never, never. The only time I met the Inland Revenue was with my own accountant in probably 1968, which you have referred to earlier.
796. Q. Did you in fact know that this meeting with the Inland Revenue on the 21st January was going to take place? A. I knew certain meetings did take place, that is all, when Grimwood told me.
797. Q. Did you know that the question had been raised whether this agreement for the transfer of the business could go through without the Revenue having been informed? A. I did not know of that until Mr. Clarkson told me.
798. Q. And were you informed after the meeting of the 21st January what had taken place? A. No, except that every time, of course, everything was satisfactory.
799. Q. You knew the meeting was going to take place, did you not? A. Yes.
800. Q. And did you know that it was proposed at that meeting to ask for a three year moratorium? A. No.
801. Q. What did you think the object of the meeting was? A. Well, I understood they were just sorting out the Revenue position; that is what I was told.
802. Q. So that if Mr. Grimwood, as we know, and Mr. Reece Reynolds, another solicitor, went to see the Revenue on the 21st January and asked for a three year moratorium, it was not with your knowledge or assent? A. Not until -- Not with my assent, and nor was I told by them, ever.
803. Q. Did you know that the Revenue had refused? A. Not until Mr. Clarkson told me.
804. Q. Did you know of a subsequent meeting with the Inland Revenue? A. I knew of certain meetings, but how many I would not remember - two or three.
805. Q. You see, you have admitted reading at least one Cooper Brothers report about the necessity for your creditors to be informed, particularly the Revenue. You remember reading that? A. Yes, yes.

MR. SAFFMAN: With respect, sir, my learned friend put to Mr. Poulson a report of Cooper Brothers which Mr. Poulson said that he had not seen until after his bankruptcy. It was in

that report that it was recommended that the creditors be approached. Mr. Poulson has admitted that he has seen it, but I am sure that my learned friend would not want to mislead by putting it to him that he saw it at the relevant time.

MR. MUIR HUNTER: In fact, I will just refer again to the first report which Mr. Poulson did say he had seen - that is the report dated the 27th August. That says at paragraph 62, "We suggest that consideration be given to any combination of the following methods of obtaining the required sums (e) moratorium of creditors, of whom the principal one is the Inland Revenue."

MR. SAFFMAN: I accept that, sir. I understood that what my learned friend was referring to, of course, was the second report of Cooper Brothers which talks about referring the matter to the creditors and to Mr. Poulson's bankruptcy.

806. MR. MUIR HUNTER: I am sorry. Do you remember then the second meeting, which we know was to be held on the 17th February, at which you arranged to send your car for Mr. Reece Reynolds?

A. Oh, yes; I was asked by Grimwood to do that.

807. Q. What was that meeting in aid of? A. All I was ever told, sir, was that they were going to see the Revenue and to get things sorted out, and I was never given any details.

808. Q. To get what sorted out? A. My Revenue position, because I understood it had never been agreed.

809. Q. But you knew that there was a judgment that had started off at £200,000? A. Yes, but sums had been paid since.

810. Q. I daresay, but that is a matter of arithmetic, is it not, to subtract (a) from (b) and you get (c); no great problem about that, is there? A. But I understood the subsequent years were also in dispute.

811. Q. No, we are talking about -- Are you saying that you paid off the original judgment in full? A. No. But, of course, I was told later that I had done and that they owed me money.

812. Q. At any rate, what you are saying is that if Grimwood went to see the Revenue on these two occasions, which you admit that you knew, you did not give him any instructions, you did not ask him what he was going to talk about, and you never asked him what he had talked about? A. First of all, let us get this quite clear, I never gave him any instructions about anything.

813. Q. Well then, did he do it all off the top of his head? A. He did it all on his own initiative.

- Or do you think perhaps he was doing it on the instructions of Mr. King? A. I would not know that, sir, because I was never at any of the meetings.
815. Q. Look, Mr. Grimwood is not insane, presumably - at least not at the time - he was a fully qualified solicitor. If he was failing to inform you and to seek your instructions it must follow, must it not, that he was taking his instructions from someone else? A. No, sir. The position is this, why was I confident of him? It was this, that I had these assurances from him that he was going to pay the creditors in full, and within a period of not more than two years I was going to have substantial sums.
816. Q. Just a minute. This is a statement that I do not recall your having made previously, that Mr. Grimwood told you - he promised you - that he would pay all your creditors in full and after two years -- A. Not he personally, but I mean --
817. Q. Well who? A. I took it that I.P.D. were at that time, because.
818. Q. Perhaps you would rephrase what Mr. Grimwood, to the best of your recollection, said to you in this respect. It is very important. When you made that answer just now, would you please rephrase it in the form as best you can as to what Mr. Grimwood actually said about the payment of your creditors? A. That my creditors would always be paid in full --
819. Q. Would all be paid in full? A. Yes, and there would be substantial sums - and sums were mentioned on three different occasions, and the final one was on the signing of the agreement, and it was on the basis that there would be a minimum of half a million after clearing all the creditors, within a period of two years.
820. Q. Now, when, roughly speaking, do you think Mr. Grimwood said that to you? At least mention one occasion? A. The signing of the agreements.
821. Q. On the 22nd January? A. No, that was not -- I am talking about that big batch of agreements; it was April or somewhere there.
822. Q. Do you mean, Mr. Poulson, that the dates on these agreements are not genuine? A. The date of the agreement of that March 1st certainly was not signed in February, and it certainly was not signed in March.

MR. MUIR HUNTER: Let us be clear about this, because people do not date agreements sometimes. Unfortunately, sir, I only

have a typed copy and although it says "Stamp 10/-", it does not say the date on the stamp and we have not been able to locate it yet.

823. Q. But the main agreement, if I may call it that, is dated 22nd January, 1970. Now, do you suppose it was signed then?
A. I understood all these agreements were signed at once, surely.

824. Q. When? A. It certainly was not then in January.

825. Q. Well, we have got the main agreement dated the 22nd January providing for the future conduct of business; then there is the agreement relating to the partnerships, and a consultancy agreement with you, your partners - no, not you, with your partners. That is all the 22nd January. Then we have a document dated the 20th February which is a consultancy agreement with you. Now, was that signed at the same time?

A. All those were signed on the same morning. It was the beginning, as far as my memory --

826. Q. Because something may turn on it. A. Yes.
827. Q. I am going to show you a typed copy of an agreement bearing the date 20th February and bearing a typed signature of yourself in the presence of a Mr. Sprawson? A. Yes, when we signed these there was only Sprawson and Grimwood and my wife and I.

MR. MUIR HUNTER: I am showing the witness a document numbered 6, in a file entitled "J.G.L. Poulson. re: Interplanning and Design Limited."

828. Q. And that is signed by yourself, it would seem, in the presence of Mr. Sprawson. You think they were signed on the same date as document 1, dated the 22nd January? A. I do not think, I am certain.

829. Q. You are quite certain. So that is two lots of documents with different dates signed on the same day. I now show you document 7, entitled "Agreement relating to Mr. J.G.L. Poulson, shares in the company", bearing manuscript dated 26th March, 1970? A. Yes.

830. Q. Now, that is a photographic copy. Is this your signature at the top? A. Yes. (Handed to witness)

831. Q. In the presence of Miss McCleod? A. Yes.

832. Q. And this we will call the Trust Agreement. Do you think that that was signed at the same time? A. I think all of them were signed on the same day, the same morning.

- was your wife present? A. Yes.
She is a signatory to some of them, the first one certainly.
Now, the Trust Agreement, that document 7, is made in consideration of Mr. King at your request "procuring the acquisition by the company of part of the businesses heretofore carried on by Mr. Poulson in consideration of shares to be issued to the company, himself making an investment in the company." Do you remember any transaction of which that was the substance?
A. None of the details, not a word of these agreements, was ever gone into or explained to us.
835. Q. It says that it was a term of Mr. King taking such action that the said shares should be issued to trustees to be appointed by Mr. King and Mr. King has nominated the trustees who are in fact Mr. King, Mr. Musk and Mr. Stone, and you appoint them for 15 years to manage the shares. Now, this bears some resemblance, does it not, to the trust clause 12 in the original document draft of the 18th December, 1969? A. You say so; I cannot remember what was in that.
836. Q. And it concludes by saying they are to deal with the shares at their discretion and says they are to be under no liability to you. "Mr. Poulson further hereby irrevocably authorises the company to apply at its discretion any monies due from the company to him or collected or received by the company on his behalf in discharge of any liabilities of Mr. Poulson or otherwise on his behalf." Now, that means that the company could if it chose, but not otherwise, pay away some of the money collected for you in payment of some of your debts. That is what it says. Did you understand this document when it was placed before you? A. It was not explained to us. None of the agreements were gone into.
837. Q. Did you read it? A. No.
838. Q. Why not? A. For the simple reason we were just asked to sign these and, as I repeat, we were told what the position would be within two years and we were quite content to leave it in his hands.
839. Q. Well now, you think this was signed on the same date? A. Yes.
840. Q. Well now, there is something very wierd about this bundle --
A. And I did not get it until July.
841. Q. You will see it has got Clifford Turner's name on the front?
A. Yes.
842. Q. The minutes of the meeting of the directors of Interplanning

and Design Limited dated 20th February, 1970, to which I have already referred, says this: "There were produced to the meeting engrossments of an agreement dated 22nd January, 1970, and executed by all parties other than the company", and the company was then going to sign it; then "There were also produced documents all of which have been executed by the parties thereto other than the company"; a deed dated the 20th February, 1970, which exactly describes the document I called the Trust Deed dated 26th March, 1970 (document 7).

Did you sign twice a document creating a trust for the shares?
A. I would not know, because I was not aware - I repeat - none of the agreements were explained or I did not know what was contained in them.

843. Q. So that it may be the case, perhaps, either that none of these documents were signed until the 26th March, or that if the Trust Agreement was signed earlier than the 26th March it was post-dated? A. I would not know, of course.

844. Q. Is that possible? Well now, in your statement to the Official Receiver you have described some discussion about the terms of this document and a letter from Messrs. Clifford Turner. In your statement to the Official Receiver you said that in September, 1970 - that is six months later - Kenyon had told you that he had been present at a board meeting of I.P.D. and had told them that the agreements prepared by Clifford Turner were invalid and it was resolved that Sweetman should write to Clifford Turner that they were not satisfied with the agreements and would probably take action against them. But the next meeting was October, 1970 - this is still Sir Bernard Kenyon informing you apparently - "A copy of a letter from Clifford Turner's office addressed to King, dated February, 1970, and produced by Sweetman" - Sweetman was the secretary of I.P.D., was he? A. Yes, at that time. He is a director now.

845. Q. "Was given to each of the directors giving a brief resume of what the agreements would contain, and that they recommended that in their opinion certain parts should be amended or cancelled," and Kenyon said that Stone had commented "This letter lets Clifford Turner off the hook." Of course, this is all hearsay, but you conclude by saying, "In my opinion, Grimwood, my solicitor, should have notified me of this letter." A. Correct.

Now, if, in fact, Mr. Grimwood was preparing the agreements which I was asking you about, does that mean that it was not brought to your notice that there was a controversy about the --
A. Never. I should never have known that if Sir Bernard had not have told me, nor should I have ever got these agreements, because Grimwood never gave us a copy, and when Bolton was re-appointed in July he asked me for a copy of these agreements and I had not got one, and I got one for him and eventually that agreement went to Sir Bernard Kenyon.

847. Q. Do you remember any discussion or altercation with Mr. King about what was to go in these agreements? A. He never discussed them with me.
848. Q. Was there no falling out between you about them? A. Well, I mean, the details were never discussed with him.
849. Q. Well, I suppose you must have talked about them with Mr. King to some extent, would you not? A. I do not remember, but I do not know what you are referring to.
850. Q. I think there are two other documents perhaps I should show you. There are two Powers of Attorney in the file, each dated the 20th February, one given by you to your wife - is that your signature? (Handed to witness) A. Yes.
851. Q. And one given by you to Interplanning and Design - is that your signature? A. Yes, sir.
852. Q. Authorising them to deal with all your monies. Were they given at the same time, do you think -- A. All the signatures were done on that one day.
853. Q. Do you remember a discussion at which Mr. Sweetman said that a lot of these things had got to be corrected and amended?
A. What things.
854. Q. Was that in your presence? A. No; I do not know what you are referring to. I did not meet Mr. Sweetman more than two or three times, and then it was in the presence of others.
- MR. SAFFMAN: Would my learned friend please indicate what he means by "these things"?
855. MR. MUIR HUNTER: I am sorry. Do you remember some discussions towards the end of 1970 about altering the relevant dates in these documents? A. No. In what connection?
856. Q. Do you remember receiving this letter from Mr. Sweetman on Interplanning and Design paper dated 22nd December?
(Handed to witness) A. When I have read it. (Witness read letter to himself) Yes, they could not make up their minds

- whether to date it from a tax angle, benefits - they always referred to it as tax benefits - to May or April or March.
- Q. Does this letter suggest that all the dates in the agreements that you had signed, which referred to the agreement taking effect on the 1st January, 1970, should be altered to the 1st March, 1970. And did you by letter of the 31st December, 1970, which I will show you, say that you agreed? (Handed to witness) A. Yes.
858. Q. Well now, in this very large transaction, what part was your wife to take? A. I do not know. None as far as I know. She had never taken any part in the businesses.
859. Q. Did she not take £10,000 worth of shares? A. So I was informed later by Grimwood towards the late summer.
860. Q. You mean you did not actually know that your wife had acquired £10,000 worth of shares? A. No.
861. Q. Well, let me read what a minute of I.P.D. of the 20th February says: "There was produced an application from Mrs. Poulson for 10,000 preferred ordinary shares of £1 each, such application having attached thereto a cheque for £10,000 being payment in full for such shares in cash at par, and it was resolved that the application be accepted and the shares issued to Mrs. Poulson." Do you mean to say that if that happened you knew nothing about it? A. I knew nothing about it and I never knew of that minute until I was shown it at the Official Receiver's.
862. Q. Well now, if in fact your wife did make such an application, presumably she would know what she was doing; does that mean that in that case she did not tell you? A. Yes.
863. Q. Now, did your wife have, on the 20th January, 1970, £10,000? A. I do not know what she has in her bank, and I do not know today what she has.
864. Q. You have told us that you knew that she had a large number of securities? A. Well, I mean she deposited these with the bank, and those were the ones you referred to earlier.
865. Q. Yes, £9,000? A. Yes.
866. Q. So you knew she had that. But did she in fact have, to your knowledge, available in February, 1970, £10,000 worth of money? A. I would not have expected that, but I would not know what she had.
867. Q. May we turn to March, 1970. You remember we were discussing a little earlier the diversion of some of your fees into another bank account? A. Yes.

- that bank account was an account in your name at the Horbury branch of Barclays Bank? A. Yes.
870. Q. Of which your brother was manager. Now, did you cause money to be paid into that branch of the bank? A. Not me; it was not opened on my account. It was opened by Scott of Cooper Brothers.
871. Q. Yes. Well now, what was opened? A. So I am reminded.
872. Q. But was it an account in your name, or in your wife's name? A. In my name.
873. Q. Yes, and why was it opened? A. I do not know. I am told now why it was opened, or it would appear --
874. Q. Perhaps we could short circuit things and tell us why it was opened? A. Well, it would appear that they wanted to pay a sum of money in and then they drew it out to dispense.
875. Q. Yes. And this was the 19th March, was it not? A. Yes, somewhere about that time, the end of March.
876. Q. Well now, if these were fees coming into your office, who had the disposal of them? A. At that time, Scott; he was in financial control.
877. Q. And are you saying that Mr. Scott was capable of opening a new account in your name with another bank? A. He went and collected some cash of nearly £11,000, so he must have had the authority.
878. Q. No. Let us start with your brother is the bank manager and somebody wants to open an account in your name. To do that they would have to provide him with a bank mandate card with a signature, would they not? A. Yes.
879. Q. And then they would have to provide him with a cheque book? A. Yes.
880. Q. Now, was a cheque book issued to you for this account? A. No.
881. Q. It is a fact, is it not, that the disposals of this account were in fact done by three cheques signed by you on the cheque forms of your wife's account at that branch? A. That is what I see now when I produced them.
882. Q. And those cheques must have been signed by you? A. They were, obviously.
883. Q. Well, why should you have signed them? A. I signed them as blank cheques.
884. Q. No, but this is your wife's account, not your business account? A. Yes, but I knew an account had been opened at that office

- Q. Who told you that? A. Scott.
- Q. And did he tell you -- A. What he was going to use it for, no.
886. Q. Did he tell you he had forged your signature on the mandate card? A. No, he did not, I do not suppose.
887. Q. Because of course you signed the mandate card yourself, my dear chap. Do not make pretences with the Court? A. Well, I do not know whether I did or I did not.
888. Q. Are you saying that your brother of all people would allow an account to be opened in your name without a signature from you? A. No.
889. Q. Of course, in that case you must have signed for it? A. Well, when you said mandate card I am afraid I did not understand what --
890. Q. Well, you authorised your brother to open an account in his branch in your name, did you not? A. Yes.
891. Q. Why did you beat about the bush? Now, having done that, instead of issuing a cheque book to you, you signed three of your wife's cheque forms, did you not? A. Yes.
892. Q. And this did not come as a surprise to you, but you knew it all along? A. I did not know what those monies were being used for because they were blank cheques and I did not know that --
893. Q. Were you told why you should sign three blank cheque forms of your wife's? A. That was no change for me to sign blank cheques at any time.
894. Q. On your wife's account? A. No, I had never signed any before. They had not got time to get another cheque book, had they?
895. Q. Now, this involved a sum of £26,000? A. Yes.
896. Q. That was your fees, was it not? A. Well, I understand so, yes. I do not even know what it was for.
897. Q. And this was at a time when you were very seriously pressed for money, was it not? A. This was March, 1970, wasn't it?
898. Q. You were very seriously pressed for money, you were unable to pay your Revenue debts? A. Yes.
899. Q. You had had your business taken away from you, so you were very pressed for money, were you not? A. Yes.
900. Q. Why should you allow this sum of £26,000 to be dealt with in this way? A. Well, I did not know how this money was being dealt with and I did not know until the end of last year how it had been dispensed with.

- Q. You mean you did not ask. You did not ask, did you? A. No.
- Q. Why not? A. Well, nothing was in my control.
- Q. Well, your handwriting I suppose was in your control? A. Yes, I know.
904. Q. Why did you sign the cheques? Come, we must have an answer to this? A. Well, I am very sorry, but I was in the habit of signing blank cheques and I had signed them always. I doubt whether Scott ever sent me any cheques to sign made out.
905. Q. You are no doubt aware, Mr. Poulson, of the problems resulting from the fraudulent conversion of the assets by a bankrupt, are you not? A. Yes.
906. Q. And the fact of the matter is, is it not, that £10,000 of this money was either given to your wife, or given to someone on her behalf, to enable her to make a subscription for the shares of I.P.D. which is reported to have been made on the 20th February? A. I was not aware that this had been done, sir, whatever you think or say.
907. Q. You mean you were told that all the money to be used was for some other purpose? What was that purpose? A. I do not think I was told, but I now find that the other money --
908. Q. Leave aside what you find. A. I do not remember being told about it at all.
909. Q. You mean you gave your money away without caring where it went? A. I did not give it away; I signed blank cheques, sir.
910. Q. Did you ask why the account was being opened at your brother's branch? A. No.
911. Q. Had you ever banked there before yourself? A. Yes.
912. Q. Why did you open an account then? Was it in order to circumvent Lloyds Bank? A. No.
913. Q. But it was a deception of some kind, Mr. Poulson; kindly tell me which kind? A. I am sorry, but I did not deceive anybody, I was not doing anything. What benefit was it to me? I did not get anything.
914. Q. The benefit to you, apparently, was giving £10,000 to your wife. That seems to be quite a benefit to me; does it not to you? A. No.
915. Q. Well, if your wife did in fact pay £10,000 for the shares, and if in fact all the transactions took place not on the 20th February, or on the 22nd January, but fraudulently and deceptively on the 26th March, as it seems, then it is pretty obvious, is it not, that if this money was drawn

behalf of your wife on the 19th March, it was used for the purchase of shares? A. Surely if I had been a party to that, why didn't I make the cheques out?

916. Q. I do not know, Mr. Poulson; you tell me? A. Well, I said if I had been a party to what you are suggesting, I would have made the cheques out.
917. Q. Perhaps you thought if you signed the cheques and gave them over in blank, that that would be the less trouble for you. Well, now I ask you again, you knew, did you not, that £10,000 of this money was going to your wife to pay for the shares? A. No, sir.
918. Q. Right; well, we will have to ask your wife about that. Let us consider what you had given to your wife in other respects; let us take the Cairn Catto transaction. You will remember the Cairn Catto was conveyed to your wife? A. Yes.
919. Q. When was that done? A. Well, I cannot remember the date, you will probably tell me.
920. Q. Well, I just showed you a letter of the 31st December which you have identified as having been written by yourself to Mr. Sweetman in which you say this: "I understand from Mr. Stringer this morning" - now Stringer is what firm? A. Moxon & Barker, solicitors.
921. Q. Moxon & Barker. "That the conveyance of Cairn Catto to Mrs. Poulson is to go through. I have no objection to whatever date is put on the agreement." Was the conveyance of Cairn Catto part of the package deal of the transfer of the businesses? A. No.
922. Q. Would you look at this paragraph and tell me why you put a reference to the date of the agreements in the same paragraph as the conveyance, 31st December, 1970? (Handed to witness) A. I cannot remember what it referred to.
923. Q. How did your wife come to be given Cairn Catto? A. She was not given it.
924. Q. Well, it was conveyed to her apparently? A. Yes, she paid for it.
925. Q. What? A. She paid for it.
926. Q. Who did she pay? A. She paid the Wakefield Building Society off and borrowed money from the Wakefield Building Society herself, and she paid for the balance.
927. Q. Cairn Catto belonged to who? A. It belonged to me originally. Now then, to make sure that they did everything correct --

- Q. What was it worth? A. About £10,000 at that time.
929. Q. So you had something worth £10,000 which was in mortgage, was it? A. Yes.
930. Q. For how much? A. Six, if my memory serves me right.
931. Q. So you say your wife paid off the six? A. Well, she had to, to get it.
932. Q. And it was conveyed to her by you? A. Yes.
933. Q. By your signature? A. Yes, I expect so.
934. Q. And what happened to the balance of the money, the £4,000, the difference? A. Well, she had it.
935. Q. But did she give it to you? A. No.
936. Q. You have something worth £10,000 mortgaged for £6,000, surplus value £4,000; that is right, is it not? You convey it to her on terms that she pays off the mortgage, so she gets a property worth £10,000 for which she has paid £6,000. So she is £4,000 to the good, is she not? A. Yes.
937. Q. Well, has she paid you the £4,000? A. Well, I have not got it personally, I do not know. It might have been put in the businesses, but I would not know.
938. Q. Somewhere there is a conveyance by you to your wife, conveying to her the property, I suppose, on terms she pays off the mortgage? A. Yes.
939. Q. Well, does that conveyance say that she is to have it for nothing more than the mortgage? A. No.
940. Q. Well, what does it say? A. I expect it says the purchase price is so much.
941. Q. Yes. A. And they took the great precaution of not having the Building Society valuation, they had an independent valuer so that there could be no question that it was other than the market value, and it was Hollis & Webb who valued it as independent -- Because the Building Society have their own valuer, they went to that precaution. Now where that money is, the only person I can suggest you ask is Sweetman and her, not me.
942. Q. We might possibly ask your wife? A. Yes, or Sweetman or the accountant.
943. Q. You have never asked yourself where the money went? A. No.
944. Q. Is £4,000 too small to care about? A. No. After all, things were out of my control, sir.
945. Q. Your conveyance was not out of your control. Why did you convey it to your wife at all? A. Because we had to move out to sell "Manasseh".

946. Q. Why did you convey this Cairn Catto house to your wife?
A. Because she was prepared to buy it at the market value.
947. Q. To put it out of the reach of your creditors? A. Oh, no, sir.
948. Q. Where is the difference? A. Well, I cannot tell you, but the only two people to ask are either Sweetman or her.
949. Q. You are under an obligation to give a full and true account of your affairs you know? A. Yes.
950. Q. Which I suggest you are not at this moment doing? A. I am sorry, I disagree with you.
951. Q. Are you still living with your wife? A. Yes.
952. Q. And you have never discussed what happened to the balance of the money? A. Look, as far as this business is concerned my marriage has been --
953. Q. We are not talking about "this business"; this house. £4,000 is quite a lot of money to your creditors? A. I am sorry, I cannot answer.
954. Q. You care not what happened to it? A. It is not a case of care not, sir, I have no knowledge at this stage.
955. Q. Well, will you undertake to find out? A. Yes, sir.
956. Q. Then your wife then sold that house and she is stated to have received a balance of £1,600? A. No, she has not sold it.
957. Q. She did not sell it? A. She has not sold Cairn Catto, we are living in it.
958. Q. What about "Clandon"? A. That is the same place.
959. Q. Oh, you have changed your name have you, I am sorry. Just a minute, at page 49 of your Preliminary Examination you said this; "There was a surplus of £1,600 on the sale of Cairn Catto, Carleton Green, which was used by my wife as part of the deposit on the dwellinghouse 'Clandon'". Is that a mistake? A. Sorry, I do not know. I mean, it certainly is the same house, it is the same premises, it is just a new name. "Cairn Catto" was a name that was there before we went in, and now it is called "Clandon".
960. Q. Perhaps you would undertake to clarify this matter? A. Oh, very definitely.
961. Q. Now, what about other presents that you gave to your wife. Have you made her any presents in recent years? Let us start with this list of securities which we have been discussing?
A. I did not give her any of those; those were left her by her father.

962. Q. What all of them? A. Yes.
963. Q. When did he die? A. Six or seven years, eight years ago.
964. Q. Have you made her any other presents, say within the last five or six years? A. Not shares, no.
965. Q. Have you made her any presents of jewellery or valuables?
A. I have not a recollection of anything substantial.
966. Q. Do you still possess a walnut table canteen of silver cutlery?
A. No.
967. Q. That has been sold has it? A. Yes.
968. Q. When was it sold? A. Two years ago probably, or more.
969. Q. Two years? A. Probably more than two years ago.
970. Q. What about the baby grand piano? A. Well, that is still there.
971. Q. To whom does that belong, who bought it? A. It was bought during the war.
972. Q. During the war? A. Yes.
973. Q. I suggest to you that it was not more than five or six years ago? A. Well, I am sorry, but your information is most emphatically wrong. It was bought during the war from a Mrs. Perry, as she was then, she is called Jogunsen and she lives out in Victoria, Vancouver Island.
974. Q. Well, I am quoting from a letter from your wife's solicitors, Moxon & Barker, Mr. Stringer, who says "The following items of furniture in the house were presents by Mr. Poulson to Mrs. Poulson: a baby grand piano given at Christmas five or six years ago." A. Well, I am not aware of this. That piano was bought during the war.
975. Q. Have you given her any gifts of ordinary furniture? A. Not since this job happened, no.
976. Q. Well now, the furniture at "Manasseh" was apparently valued at a very considerable sum -- A. What it cost.
977. Q. Yes. And it was sold for a much lesser sum, about £3,000?
A. It was absolutely scandalous, it was heart-breaking. I see a gentleman at the back nodding, he was there.
978. Q. Who received the proceeds of sale of the furniture? A. You have got the figures from Spencers.
979. Q. Who received the proceeds of sale? A. My wife.
980. Q. Why? A. Because she dealt with the sale of that with Spencers.
981. Q. But why should she receive the money? A. Well, because they sent the cheque to her, they did not send it to me.

- But it was your furniture, was it not? A. Yes.
- Q. Why should your wife have the cheque? A. Because she dealt with Spencers. I did not object to them sending it --
984. Q. Has your wife still got that money? A. Yes.
985. Q. Have you asked her for it? A. No. She has disclosed it to the Trustee to give it to him.
986. Q. Is this the same sum as is put in your Statement of Affairs as "Cash in hands of wife £2,116"? A. Yes.
987. Q. That is the same sum, is it? A. Yes.
988. Q. And who owns the furniture in "Clandon"? A. She does.
989. Q. Where did she get it from? A. Oh, over the years she has bought things. There is not much there, it is only a little bungalow.
990. Q. I see. So then none of the original furniture from "Manasseh" is there? A. Well, odd little pieces, but it is very small.
991. Q. Have you given your wife any jewellery? A. She got a letter yesterday morning asking about this and she is getting it out, the details, and the Trustee will be getting it.
992. Q. I am sure -- A. But she did not get it until yesterday morning from her solicitors.
993. Q. Who got the proceeds of sale of the canteen of cutlery? Do you know how much that was? A. No, I do not know how much that was.
994. Q. It was silver, was it not, I mean silver silver? A. I would not know if it was not genuine, if it was not the real thing.
995. Q. Roughly speaking? A. I have not the foggiest. I mean, if it is anything like "Manasseh" sale, you would not have got much.
996. Q. But did your wife get the money? A. Yes.
997. Q. Why would that be? A. Because she dealt with it.
998. Q. I do not understand. Are you at odds with your wife or something? There you are, bankrupt, living in the same house and never asking her what she has done with thousands of pounds worth of your assets. It does not seem very sensible, Mr. Poulson, does it? A. It has been very difficult and strained.
999. Q. It is not too difficult to say "What have you done with the proceeds of the sale of my house?" A. They are there, that money that she got from the proceeds of the sale of the house are kept in the bank and they are there, and she has

disclosed them to the Public Trustee, so your impugning something that is not correct.

1000. Q. Do I understand she is going to claim them; is that what you mean? A. No, she has declared them.
1001. Q. Why does she not hand them over? A. She has got a counter-claim; she has paid various debts for me.
1002. Q. I see. A. Well, if you have seen the things from the Public Trustee you will see that.
1003. Q. You mean she claims to have a set off? A. Yes.
1004. Q. I see. You say that your wife is making out a list of the things you gave her. Now, we see from your accounts that you were earning something in the order of six figures a year, were you not? A. Yes.
1005. Q. I would have thought a man like yourself, generous hearted, would have given your wife some fairly substantial presents, a mink coat or -- A. She has one, but she got it in 1960, she tells me.
1006. Q. What in fact did you spend the money on that we can see from your drawings, if you did not spend it on your wife? A. I did not exactly starve.
1007. Q. You mean to say that you were earning £100,000 a year and you cannot remember a single present you gave to your wife? A. It was not £100,000 net, it was most of it tax, was it not?
1008. Q. Yes, but you did not pay the tax, you see. A. Oh yes I did, they have had a lot more --
1009. Q. Gross is very nice. Anyway you say upon your oath, having regard to the present state of your memory, that you cannot remember whether during the last, shall we say, eight years you gave your wife any valuable presents at all, no matter how much you were earning; is that right? A. No. You are getting a list of them, sir, she is making a list out for you but I cannot remember individual items, so I certainly could not remember what they cost.
1010. Q. Anything over £500? A. There will be one or two, yes.
1011. Q. And you cannot remember what they are? A. No.
1012. Q. And that is the best account you can give? A. I should only be creating difficulties. Why not wait until you have got it. You only asked for them yesterday.
1013. Q. Yes, but I am asking you, you see you are the donor? A. I cannot remember. I mean, I would just be guessing and

agreeing to things that probably would not be right.

Could I have a loan of O.R.7. please? (Document not produced)

Do you remember being asked to sign a series of questions in the Official Receiver's office in which it said "Have you given any presents to your wife?" At any rate, can I tell you that in answering those questions you did not disclose any presents given to your wife at all other, I think, than some insurance policies. That answer, therefore, must have been incorrect, must it not?

MR. SAFFMAN: With respect, sir, if my learned friend is putting a certain answer to Mr. Poulson he must show him the answer in that document. It is not necessarily that the answer --

MR. MUIR HUNTER: Alright, we will sit down and see if the document can be produced. It is the O.R.7. which is one of the documents which is used for the purposes of his Examination. Apparently it seems to have been mislaid, and if my learned friend Mr. Saffman will not allow me to put the question in the form I have, then I will wait until the document is found.

1015. Q. How many children do you have? A. Two.

1016. Q. How old are they? A. Twenty-one and eighteen.

1017. Q. Are either of them married? A. No.

1018. Q. Have you given them any presents in the last eight years?
A. Well, birthday presents.

1019. Q. Substantial ones, £100 or more? A. No.

(Document not found)

MR. MUIR HUNTER: Never mind, we shall have another opportunity, I hope, of referring to it, because I do not wish to hold up the Court. Sir, as you have heard, we are in the middle of a number of investigations into this matter, which is fairly complicated, and some of which I do not wish to take an unfair advantage of Mr. Poulson without being able to present him with the documents, not all of which are available, and as you have been good enough to appoint an additional date, namely the 3rd July, I would ask that you adjourn until that date.

THE REGISTRAR: Yes.

(PUBLIC EXAMINATION adjourned to 3rd July, 1972)