

PUNCH CODE FOREWORD

CODE OF PRACTICE - VERSION 6

foreword...

We have produced this Punch Taverns Code of Practice to make clear the service and standards you should expect if you decide to take on a pub with us and, should you proceed, in doing business with us thereafter.

This Punch Code of Practice clearly sets out the promises we make to you and exactly how we will honour them.

The Punch Code of Practice incorporates the standards set out in the Industry Framework Code (IFC) and is accredited by the BII Benchmarking and Accreditation Service (BIIBAS).

The Punch Code of Practice should be read and understood in conjunction with your Punch Agreement and can be relied in the following ways:

- 1) If you are dissatisfied in any way with how Punch has behaved towards you in the areas covered by this code, you can take your case to Pub Independent Conciliation & Arbitration (PICA) Service who will investigate and seek to remedy any misconduct on our part.
- 2) The Punch Code of Practice will be date-stamped and records maintained. You can rely on its contents should you wish to claim at any time after signing your Punch Agreement that we misrepresented how the Punch Agreement would work.
- 3) We accept that those elements of the Punch Code of Practice which represent the minimum standards set out in the IFC are legally binding. If you believe we have fallen short of these minimum standards then you are able to seek remedy through the court and the PICA Service.

If you are an existing Punch Partner who signed your agreement before this and the previous versions of the Punch Code were published; you can rely on this code (and the commitments of the previous versions from 2010 onwards) and demand that we deliver on our promises as set out from this point onwards.

You cannot claim that you relied on the Punch Code of Practice if you signed your agreement before the date of publication of this and the previous versions..

Some elements of this Punch Code of Practice may change from time to time in response to changes in regulatory requirements or market conditions. BIIBAS will be informed of (and will approve where necessary) any changes and you will be notified of those amendments and how to access future versions of the code. We will never make any changes that fall below the minimum standards laid out by the legally binding Industry Framework Code (IFC). The IFC cannot be changed unilaterally and we agree to be bound by any future revisions agreed in consultation with the relevant bodies.

We recognise that the decision to take on a pub is often an exciting and emotional experience, but it is also a serious business undertaking involving financial risk and legal commitments. We want you to fully understand the agreement you are considering signing and exactly how the partnership between us will work. This Punch Code of Practice is designed to achieve this clarity; however, in addition, we also strongly recommend that you take independent professional advice before deciding to sign your Punch Agreement. If you intend to sign a long term Punch Lease you are required to take professional independent advice before signing or agree a waiver with us.

We at Punch are passionate about our pubs. We want to attract the best Partners we can to successfully run pubs as their own businesses with our teams in support. This code sets out how our partnership will work, giving you the best possible chance of success with your pub business plan.

Neil Griffiths
Punch Taverns, Chief Operating Officer

By/On behalf of Punch Taverns

Signed

Print

Position

Date





PUNCH CODE FOREWORD

CODE OF PRACTICE - VERSION 6

LEGAL STATUS OF THE INDUSTRY FRAMEWORK CODE

The Pub Industry Framework Code (IFC) sets out the minimum standards and requirements that tenants/lessees should expect from a pub company, regarding the letting and operation of leased and tenanted tied pubs which must be incorporated into individual company Codes of Practice in order to gain accreditation from BII Benchmarking and Accreditation Service (BIIBAS).

The provisions of the IFC are now incorporated into all new lease and tenancy agreements with Punch Taverns by way of reference and as such are legally enforceable and an integral part of your contract.

If you take an agreement by way of assignment which has the provisions of the IFC already incorporated within it, then these provisions are binding upon us both.

If you have an existing agreement with Punch Taverns, this Punch Code of Practice provides an open and unlimited standing offer to you to benefit from the obligations of the IFC. If this offer is accepted by you as the tenant/lessee it is binding on us, as the company, and yourself, and can be relied upon in a Court of Law.

If you wish to incorporate the IFC into your agreement, this can be provided by way of a deed of variation at your expense.

If you do not wish to complete a deed of variation you can still invoke this offer and the legal status of the IFC by;

- Making a complaint to PICAS regarding a breach of the IFC by Punch Taverns.
- Taking Court action with the intention of placing reliance on the provisions of the IFC.

In both cases the obligations of the IFC will also be binding on you.

If you acquire your lease by way of assignment, then this open and unlimited offer applies to you as if the original agreement had been granted in your name.

If Punch Taverns sells the freehold of a property with a lease or tenancy contract in place, then the provisions of the IFC will transfer as part of the agreement, or, in the case of a historical contract, will be incorporated into that agreement as part of the sale process by way of a deed of variation. This will be paid for by the purchaser of the property.

We will provide BIIBAS with an annual compliance statement based on criteria decided on and provided by BIIBAS to demonstrate our ongoing performance against the commitments we have made.

For the avoidance of doubt there are elements contained within the Punch Code of Practice which exceed the minimum standards in the IFC. These elements are not legally binding. However you can make a complaint on any element in the Punch Code to PICAS.

The IFC can be viewed at www.beerandpub.com and www.punchtaverns.com

PUNCH TAVERNS

CODE OF PRACTICE - VERSION 6



contents...

Letting Our Pubs	1	Change of Landlord.....	53
Your Training and Development	11	Selling your Agreement.....	55
The Role of the Partnership Development Manager - Developing your Business	13	Queries, Complaints and Dispute Resolution	57
Punch Supply Services	15	Appendices	
Operating your Account.....	23	■ Appendix 1: Business Plan Guidance.....	59
Agreeing your Rent Review.....	25	■ Appendix 2: Breach of Tie – Damages Calculation	63
Renewing your Agreement.....	29	■ Appendix 3: Flow Monitoring - Further information	65
Repairs and Maintenance	31	■ Appendix 4: Federation of Licensed Victuallers Association (FLVA) Green Paper	67
Repairing Liabilities	33	■ Appendix 5: Punch Foundation Tenancy - Repair Responsibilities.....	69
Investing with Punch Taverns	35	■ Appendix 6: Punch Partnership Agreement - Repair Responsibilities.....	75
Punch Sales and Marketing.....	37	■ Appendix 7: Machine Costs and Profit Share Examples	81
Tie Compliance and Dispense Monitoring.....	39	■ Appendix 8: Statement, Rent Invoice and Drinks Invoice Examples.....	83
Machines and Vending	43	■ Appendix 9: Theoretical Profit & Loss	87
Buildings Insurance	45	■ Appendix 10: Useful Contact Numbers.....	89
Partner Support.....	47	■ Appendix 11: Glossary.....	97
Surrendering your Agreement	49		
Breach of Contract	51		

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PUNCH TAVERNS

CODE OF PRACTICE - VERSION 6

GUIDE TO THE PUNCH TAVERNS CODE OF PRACTICE

This Code of Practice applies to the following Punch agreements both new and historical.

TENANCY AGREEMENTS

- These are typically agreements with a short period of tenure around 3-5 years. Tenants are likely to be “tied” for a range of drinks, amusement with Prize (AWP), Skill with Prize (SWP), Gaming Machines and other products with the pub owning company responsible for the upkeep of the property. Such tenancy agreements fall within the Landlord and Tenant Act 1954 and provide security of tenure and the facility to determine the rent on renewal of the agreement through the Courts or the Pub Independent Rent Review Scheme if the rent cannot be agreed by mutual consent.

“CONTRACTED-OUT” TENANCY AGREEMENTS

- Companies may also offer fixed term tenancy agreements that are “contracted-out”, which are similarly “tied” agreements. Such agreements provide that tenants and/or the pub owning company may give notice during the course of the tenancy, a period of notice to be agreed, but do not provide security of tenure and therefore no agreement to renew the agreement at the end of the term. Rents are subject to re-negotiation on renewal of the tenancy, if granted, and are not subject to protection under Landlord and Tenant Act 1954.

LEASE AGREEMENTS

- A lease agreement enables lessees (individuals or small companies) greater operational flexibility and to assign the lease. A wide variety of lease agreements are available, varying in length from five years upwards. Leases usually come with greater repairing obligations and a tie for beer and other products. Leases may also contain other purchasing obligations. Leases are governed by the Landlord and Tenant Act 1954.

ALL CONTRACTS WILL BE FAIR, REASONABLE AND COMPLY WITH ALL LEGAL REQUIREMENTS.

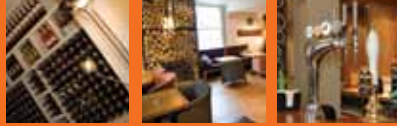
This Code of Practice **DOES NOT** apply to the following agreements;

TEMPORARY AGREEMENTS

An example of these are Tenancy At Will (TAW) agreements and tenancies of one year or less. These are short-term agreements terminable on short notice and which are used to cover either temporary arrangements or interim arrangements while longer term agreements are finalised.

FREE OF TIE AGREEMENTS (LEASE, TENANCY, OR “CONTRACTED OUT” TENANCY AGREEMENT)

These are legal contracts as detailed above which are not subject to a drinks tie with the tenant sourcing their drinks products, AWP's and other products on the open market. These agreements are subject to standard commercial contractual arrangements.



PUNCH TAVERNS

CODE OF PRACTICE - VERSION 6

INDUSTRY FRAMEWORK ELEMENTS OF THIS CODE OF PRACTICE

The provisions of the IFC are legally enforceable. The elements of this Code of Practice which are also part of the Industry Framework Code are highlighted in ***Red bold italics*** to allow easy identification. An example is detailed below;

To help you evaluate and understand the contract you are seeking to enter into you must complete Pre Entry Awareness Training (PEAT) provided by the British Institute of Innkeepers (BII). PEAT must be completed a minimum of 5 working days prior to the agreement of substantive terms.





LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

our promise...

To provide you with all reasonable information needed to decide whether to rent a pub from us and to fully understand the terms of the commercial agreement between us.

HOW IT WORKS

ADVERTISING

All available pubs to let will be fully advertised to include the following detail:

- Information on the property attributes and trading areas. We will also share our vision of the pub profile and opportunity.
- Financial information based on our assessment of Fair Maintainable Trade (FMT). FMT is the term used to describe what the financial performance of the pub is estimated to be if run by a **reasonably efficient operator**. The reasonably efficient operator is defined under the Royal Institution of Chartered Surveyors (RICS) Practice Standards. Further Information regarding RICS guidelines can be found at www.RICS.org
- This assessment will be completed by Royal Institution of Chartered Surveyors (RICS) qualified Regional Valuation Surveyor (RVS).
- Information will include:
 - a. Type of agreement, period of tenure and purchasing obligations
 - b. FMT estimated Partner earning potential
 - c. FMT estimated turnover detailed as drinks, food, machines and other
 - d. FMT estimated beer barrels
 - e. Trading history for ale, lager and cider barrels sold and machine turnover. An example of this is detailed below (the total ale, lager and cider deliveries are those purchased from Punch Taverns):
 - f. Trading History for wines, spirits and minerals where available (the total trading figures will be those purchased from Punch)



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

g. An example of this is detailed below (all examples in this section are consistent with the same pub).

Ingoing Costs

When you take on a Punch pub, you will need to provide a **deposit** and pay for the **fixtures and fittings** and **legal fees**. In some circumstances and for some pubs, we may be able to help you out with your payments for fixtures and fittings and your deposit, subject to application and approval.

Please enquire about this when you apply for your Punch partnership.
We estimate the initial investment you will need to make to take on this pub will be **£37,450**.

Deposit	£6,900
Fixtures and Fittings	£30,000
Minimum Legal Fees	£550
Total	£37,450

Please note: This does not include your rent and additional funds for stock and glassware, Stamp Duty Land Tax, training and working capital will be required.

Profit Potential: £30,756 per annum

This is our estimate of the potential annual operating profit of the pub business. It does NOT include the financial benefits of any living accommodation, and you should also consider the value of that accommodation when making your decision.

Turnover Potential

Drink	£220,432
Food	£108,095
Machines	£4,800 (Machine turnover net of machine rental)
Other	£4,420
Total	£337,747

FMT Beer Barrels: 185 barrels per annum

This is the number of tied barrels of ale, lager and cider we estimate you will buy from us at your agreed Partnership discount.

1 barrell = 36 gallons = 288 pints.

Trade History

Total ale, lager and cider deliveries in last 12 months: **16 barrels**

Total ale, lager and cider deliveries 1-2 years ago: **9 barrels**

Approximate partner income from machines: **£2,400**





LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

h. The funds you will need to invest in the pub to pay for:

- Deposit – Deposits are calculated as £6,000 or 20% of the annual rent for a Punch Partnership Lease, 25% of the annual rent for a Punch Foundation Tenancy, whichever is the greater. Deposits held on account will earn interest at Bank Base Rate minus 0.5% subject to the minimum of +0.25%.
- Fixtures & Fittings (F&F).
- Legal/administration fees.

(In addition to these costs you also need to consider the money you will need for stamp duty and land tax, stock and glassware, insurance and working capital where applicable.)

i. A choice of agreement types for the pub, allowing you to understand the relationship between the rent you pay and the discount you receive on tied products. An example of this is detailed below:

RENT

The level of rent you pay is directly related to the type of partnership you choose to have. The figures below illustrate the different combinations of rental costs and beer discounts for Tenancy and Lease partnerships on this pub:

	Short Term Tenancy	Lease Partnership with Punch Buying Club Option 1	Lease Partnership with Punch Buying Club Option 2
Annual rent	£29,500	£34,500	£42,500
Discount on tied beers	£65 per barrel	£100 per barrel	£160 per barrel
Volume growth incentive scheme	Extra £35 discount per barrel above FMT target	Extra £60 discount per barrel above FMT target	Extra £20 discount per barrel above FMT target
Free of Tie cask ales	None	One free of tie - from progressive beer duty listed brewers	One free of tie - from progressive beer duty listed brewers
Rent review	No Punch review No Partner review	No Punch review Partner can call review at 5 years	No Punch review Partner can call review at 5 years



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

OUR AGREEMENTS

We are constantly developing our agreements and introducing new agreements to compete more effectively for applicants in the pub lettings market.

As a result, individual agreements will vary in terms of some specific features. Information regarding these features will be available via our pub letting marketing materials, be discussed with you by our Partnership Development Manager (PDM) and documented by way of your legal contract.

Nevertheless, all our agreements fall into two standard types:

- A 10-year (longer by negotiation) lease agreement. This is called the Punch Partnership Lease. As part of this contract:
 - a. You are fully responsible for the maintenance and upkeep of the property
 - b. If you are undertaking a Punch Partnership Lease agreement and we are not investing in the site with you, before you sign your agreement, we will provide you with a schedule of condition of the building indicating the state in which it has been provided and is expected to be returned as maintained to that same condition
 - c. If you are undertaking a Punch Partnership Lease agreement and we are investing in the site with you, we will provide you with, in an agreed specified timeframe, a schedule of condition of the building indicating the state in which it has been provided following that investment and is expected to be returned as maintained to that same condition
 - d. This schedule is to be signed and agreed by both parties and indicates the standard to which the property is to be maintained throughout the duration of the agreement
 - e. As part of this agreement you are required to “keep” the property in line with the schedule of condition provided to you. Please see the section “Repairing Liabilities” for full details of obligations regarding maintenance and upkeep and what you can expect at both the start and end of your agreement. (Also see Appendices 5 and 6 for a detailed breakdown of repair liabilities by type of agreement)
 - f. You have the option, after two years, to sell this agreement (see section “Selling your Agreement”) to another party
 - g. You can end the agreement within the first 208 days after completion of the agreement by serving a notice to us of 28 days, not later than the 180th day. This is commonly known as a “cooling off” period. After this you do not have a notice period as part of this agreement. Should you be entering into your agreement on the condition of a large scale Punch Taverns investment spend, we will negotiate with you to remove this “cooling off” period. (See section “Surrendering your Agreement”.)
 - h. You have a statutory right to renew this agreement under the Landlord and Tenant Act (part II 1954) providing there has been no persistent breach of contract.

- A 5 year tenancy agreement. This is called a Punch Foundation Tenancy. As part of this agreement;
 - a. You share responsibility for the maintenance and upkeep of the building with Punch Taverns. Please see the section “Repairing Liabilities” for full details of obligations regarding maintenance and upkeep and what you can expect at both the start and end of your agreement. Your PDM will provide a breakdown of these responsibilities at your interview. (Also see Appendix 5 and 6 for a detailed breakdown of repair liabilities by agreement.)
 - b. You do not have the option to sell this agreement on to another party
 - c. You can end the agreement within the first 208 days after completion of the agreement by serving a notice to us of 28 days not later than the 180th day. This is commonly known as a “cooling off” period. Should you be entering into your agreement on the condition of a large scale Punch investment spend, we will negotiate with you to remove this “cooling off” period
 - d. After this period you can serve us a notice of 6 months
 - e. You do not have a statutory right to renew this type of agreement under the Landlord and Tenant Act (part II 1954). Before completing this agreement we will provide you with a warning notice advising you of the implications of consenting to give up the statutory right of renewal. Before entering into your agreement you will be asked to sign a Statutory Declaration before an independent solicitor to demonstrate that you have received and understood the warning notice
 - f. Typically, at the end of the agreement term, we will renew with our existing Partner providing there has been no substantial breach of agreement.



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

AGREEMENT CONTRACTUAL OBLIGATIONS

Both of our standard agreement types oblige you to purchase nominated products from Punch Taverns - this is referred to as the tie. We operate the tie in order to offer lower rents on our pubs. As a result, unless you opt for higher discount and therefore higher rent as part of the Punch Partnership Lease agreement when you take on your pub, you will be typically paying more than "free of tie" market prices for your tied products.

In some situations we may agree to release you from the tie on agreed products in exchange for increased rent, dependent on the agreements currently on offer.

Your amusement machines are subject to a tie with us and are provided by one of our nominated machine suppliers. The machine profit is shared 50/50 between us. Please see the "Machines and Vending" section for full details of machine supply.

PUNCH PARTNERSHIP LEASE

- The Punch Partnership Lease is tied for the following products:
 - a. All beers both draught and bottled
 - b. All ciders both draught and bottled
 - c. Soft drinks and minerals
 - d. Machine supply
 - e. You have the ability to utilise one locally sourced cask ale free of tie as part of this agreement. (The full detail of this agreement feature will be explained to you by your Partnership Development Manager and, should you take a pub with us, detailed as part of your legal contract.)

- The Punch Partnership Lease agreement has the option to negotiate a free of tie option for your machine supply.

This agreement is not subject to a 5th year rent review unless you request one. Therefore, the rent you agree at the start of the agreement will only increase by the Consumer Price Index (CPI) each year. You should take independent advice as to the potential impact of CPI on the rent you will pay over the course of your agreement. If you feel that your market circumstances have changed and you require a formal open market rent review, you can request for this to take place at the 5th anniversary of your agreement. If you have negotiated a term longer than 10 years, this agreement will be subject to an open market rent review on the 10th Anniversary of the agreement. If your agreement is for 20 years it will not be subject to a rent review in the 15th year unless you request one as above, and so on.

THE PUNCH FOUNDATION TENANCY

- The Punch Foundation Tenancy is tied for the following products;
 - a. All beers both draught and bottled
 - b. All ciders both draught and bottled
 - c. Soft drinks
 - d. Wines & Spirits
 - e. Machine supply.

This agreement is not subject to a rent review. Therefore, the rent you agree at the start of the agreement will only increase by the Consumer Price Index (CPI) each year. You should take independent advice as to the potential impact of CPI on the rent you will pay over the course of your agreement. At the end of your agreement, should we both wish to renew, we will renegotiate the rent based on open market rent review principles (please see "Agreeing your Rent Review" section for further details).



LETTING OUR PUBS

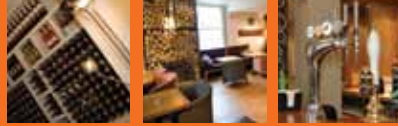
CODE OF PRACTICE - VERSION 6

CONTACTING OUR RECRUITMENT TEAM

- All enquiries regarding available Punch Taverns pubs will be responded to within 48 hours.
- Information on your individual requirements, experience and funding will be recorded and stored securely, in line with data protection guidelines.
- You will be required to provide accurate information on your personal circumstances, including finances. Failure to provide accurate information may affect your ability to take an agreement with Punch Taverns.
- This information will be used to suggest opportunities that might be suitable, now or in the future.
- *We will provide you with accurate information on the trading history with Punch Taverns of each pub, our anticipated vision of the future and your expected earnings for each pub that is available as a new let.*
- *We will seek to provide any further information you or your advisors may require or request, subject to availability. Where this information is not available, we will explain the reasons why.*
- Once an opportunity or area of interest is identified you will be contacted by the relevant PDM within 48 hours.
- The PDM will discuss with you potential opportunities and your relevant experience and current situation.
- If the PDM feels that there is an opportunity for you they will arrange to meet with you and discuss these opportunities and their requirements.
- If no current opportunities are available, we will stay in regular contact to keep you informed of newly available outlets by phone, post or e-mail.

PROGRESSING TO TAKING ON A PUB

- *When both you and the PDM are happy for you to proceed in taking on a pub, we will ensure that you receive the following:*
 - a. *Three years' (where available) historic trading history with Punch, in the form of barrelage details.*
 - b. *Current and appropriate price lists.*
 - c. *A theoretical profit & loss account containing sufficient detail (including detail of expenses) to enable you to understand how we have estimated the FMT profitability of the pub and to compare this to your own business plan. This will detail:*
 1. *Wet trade*
 2. *Dry trade*
 3. *Machine income (where machine profits are shared this is not included in the rental calculation)*
 4. *Other income*
 5. *Gross Profit*
 6. *Costs broken down into:*
 - *Wages*
 - *Utilities*
 - *Rates - The rateable value used in this rent assessment will be actual rates payable where that information is available or, if not available, will be estimated based on FMT*
 - *Insurance*
 - *Repairs*
 - *Operational costs including entertainment*
 - *Marketing/promotions*
 - *Licensing costs Punch Taverns hold the premises licence for any pub let on a new agreement. The cost of the annual renewal of this licence with the local authority is re-charged to you. Any costs associated with any subsequent reviews or variations would also be re-charged to you.*
 - d. *Premises license overview including any restrictions on the use of the premises*
 - e. *Any enforcement action that we know has been taken in the last two years and any other relevant information that we are aware of involving the statutory authorities*



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

- f. Discussion of development of company outlets, and any material changes we know of in the locality*
- g. Repair liability and liability for meeting the cost of associated insurances, stamp duty, legal fees and rating fees*
- h. Full details of the buildings insurance schedule (please see "Buildings Insurance" section for more details)*
- i. Information with regard to the supply of amusement machines*

j. An inventory and valuation of the fixtures and fittings. A recognised licensed trade valuation company will have completed this inventory. Should you wish to have a valuation completed on your own behalf and at your own cost; both valuers will agree a value of the fixtures and fittings between them. If both valuers cannot agree then the professional body governing the practice will be utilised to arbitrate.

■ The signing of a lease or tenancy agreement is a serious legal commitment. You must take independent professional legal, financial and business advice and provide us with evidence of that advice before making any form of commitment. This must be provided to us before your lease or tenancy agreement can complete and we will retain evidence of this advice for our records:

- a. You must satisfy yourself as to the potential of the business by making an independent assessment. Style of operation, trading conditions and personal investment in terms of time and money will affect both turnover and profit.*
- b. To help you to evaluate and understand the contract you are seeking to enter into you must complete Pre Entry Awareness Training (PEAT) provided by the British Institute of Innkeepers (BII). PEAT must be completed a minimum of 5 working days prior to the agreement of substantive terms.* This is completed by way of an e-learning computer module. Please see Appendix 10 for contact details. You cannot take on a lease or tenancy with Punch Taverns without a valid PEAT certificate.
- c. You will need to complete a detailed business plan to formulate your plans for the business and your view as to turnover, costs and profitability. This plan should incorporate the independent professional legal, financial and business advice you have taken.*
- d. You and/or your advisors may also consider and review the guidance provided by RICS when considering ours and your own assessment of rental levels.*
- e. This business plan must be prepared independently by you and should not be confused with the theoretical profit and loss assessment provided by Punch Taverns.*

f. In order to fulfil your commitment to financial advice, we provide a comprehensive accountancy service. This service is called Pubwise.

g. You are free to use one of the Pubwise accountants, or find your own alternative who are suitably qualified and experienced in the licensed trade.

h. Partners must have these services in place before we will enter into a new substantive agreement.

i. We encourage you to seek other sources of information available through industry benchmarking reports and planning tools available from the BII, ALMR, FLVA and BBPA which may help you to prepare your business plan. For further details, please see Appendices 4 and 10.

j. Your business plan should include:

- Proposals for the business
- Cash flow forecast
- Profit & loss projection (see "Business Plan Guidance" section in Appendix 1)

k. You should take independent professional financial advice as to the impact of social and economic changes on your business plan to allow you to plan your profit and loss projections and cash flow forecast effectively.

l. Your PDM will review your business plan, funding and the proposed agreement in detail. We will highlight and document any discrepancies that present a potential risk to the success of your business. This may result in us agreeing not to proceed with a partnership.

m. You must decide the agreement type (Punch Foundation Tenancy, Punch Partnership Lease Option 1 or 2) and therefore the mix of rent and price discount band to agree for your pub dependent on your view of the risks associated with your business plan.

If you are confident of doing well you may wish to access higher discounts by paying more rent and so benefit from more profit if sales go well. Alternatively, you may prefer to keep your fixed rent low and pay higher prices for your tied products in case sales fall below your plan.



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

BEFORE YOU TAKE A PUB

- **You will require a personal licence, or be able to present a suitable Designated Premises Supervisor (DPS), to operate in one of our pubs.** If you do not already hold a personal licence, we can recommend a training supplier.
- You will need to provide us with proof of identification and the funding required for the business.
- A credit score check will be carried out with your consent and the results of this will be used to determine the credit terms of your agreement. If the results are particularly poor, we may not proceed with an agreement.
- If you are planning to take on your lease in the name of a limited company then we also require two personal guarantors for the lease agreement.
- Before taking on your pub you must have completed suitable industry-based training. We believe that the Punch Taverns Ready for Business Foundation Week course is the most suitable. There are alternative courses that would also be recognised as suitable if they are of sufficient quality and accredited by the BII.
- If you have completed alternative recognised training then you will be required to sign an exemption statement confirming and certifying your qualifications and experience.
- You must achieve the BIIAB Introduction to Licensed Retail Operations or the National/Scottish Certificate in Licensed Retailing prior to taking an agreement with Punch Taverns. This forms part of the Ready for Business Foundation Week course.
- **A Heads of Terms document will be prepared, outlining the proposed nature, scope and extent of your obligations as part of the agreement. This is not a legally binding document.**
- You will receive a full copy of your agreement to take away and understand, before you are asked to commit to signing the agreement..
- **If you are undertaking a Punch Partnership Lease and we are not investing in the site with you, we will provide you with a schedule of condition of the building indicating the state in which it has been provided.**
- You will receive a full breakdown of monies you are required to pay before your agreement will complete. These will be made up of:
 - a. Deposit. If you are planning to take on your lease in the name of a limited company then we would also require two personal guarantors for the lease agreement
 - b. Fixtures and fittings (as agreed through valuation)
 - c. Legal fees (you are responsible for Punch Taverns legal fees. For a Punch Partnership Lease these are a minimum of £550 + VAT but can increase based on additional work completed by solicitors. For a Punch Foundation Tenancy these are a minimum of £350 + VAT)
 - d. You will be required to purchase the saleable stock and glassware that remains on site on the day you enter your pub. We will be unable to give you an accurate amount for this, as it will be valued on the day. Your PDM will be able to provide a guide to this cost to enable you to budget accordingly.
- If you are entering into a Punch Partnership Lease then you are responsible for the payment of stamp duty land tax. Your solicitor will be able to advise you as to this cost.
- **We strongly recommend that you complete your own independent survey of the property before making any legal commitment. Your repair obligations will begin on completion of your agreement so it is essential for you to understand the nature of that obligation before taking responsibility.**
- You should also take advice regarding the operating of a statutory compliant business and any associated costs including transfer of undertakings and TUPE, registering for VAT, Machine Gaming Duty, PPL and PRS.



LETTING OUR PUBS

CODE OF PRACTICE - VERSION 6

The requirement to demonstrate professional legal, business and financial advice may be waived at our discretion in cases where a Partner is suitably qualified through experience and achievement to rely on their judgement or is a Company of sufficient standing.

A waiver may be applied where:

- *Applicants are multiple retailers with a number of other tenanted/leased premises*
- *Applicants can demonstrate at least three years recent experience of running a successful tenanted or leased pub business*
- *Applicants can demonstrate at least three years relevant business management experience*
- *Applicants have an existing successful lease or tenancy with the Company*

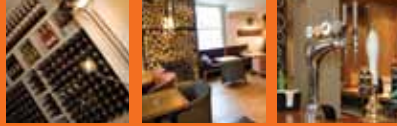
In any of these circumstances you will be required to sign an exemption agreement signifying that the requirements for pre-entry training and or professional advice have been waived in accordance with the statement of qualification for exemption made by you. This must be provided to us before your lease or tenancy agreement can complete and we will retain evidence of this waiver for our records.

COMPLETION OF YOUR AGREEMENT

- You must have completed your industry-based training or have provided details of the recognised alternative courses prior to completion of your agreement.
- In order to complete, we require your agreement to be returned to solicitors acting on our behalf, signed and witnessed correctly, and for funding to be paid in full.

FOLLOWING COMPLETION OF YOUR AGREEMENT

- *If you are undertaking a Punch Partnership Lease and we are investing in the site with you, we will provide you with, in a specified timeframe, a schedule of condition of the building indicating the state in which it has been provided following that investment (and the associated agreed rent).*
- *This schedule is to be signed and agreed by both parties and indicates the standard to which the property is to be maintained throughout the duration of the agreement.*
- Should we disagree on this schedule we will pass the matter to a jointly agreed RICS qualified independent surveyor who will formalise a schedule on behalf of both parties. This cost is shared by both parties.



YOUR TRAINING AND DEVELOPMENT

CODE OF PRACTICE - VERSION 6

our promise...

To provide you with a competitive range of training as part of your agreement with Punch that will help you keep your business knowledge up to date and will help you develop and grow your business.

HOW IT WORKS

Pre Entry Awareness Training

*Prior to beginning your Punch Progress training and to help you to evaluate and understand the contract you are seeking to enter into you, must complete Pre Entry Awareness Training (PEAT) provided by the British Institute of Innkeepers (BII). PEAT must be completed a minimum of 5 working days prior to the agreement of substantive terms. This is completed by way of an e-learning computer module.**

*Please see Appendix 10 for contact details. You cannot take on a lease or tenancy with Punch Taverns without a valid PEAT certificate.

Punch Progress Training

■ Set-up, preparation and planning

A one week foundation programme that welcomes you to your Punch Partnership; gives essential pre-entry training and alongside e-learning modules gives you industry qualifications and supports the development of your business plan before taking on your new pub.

■ Support and Business Launch

Launching your business and supporting you in your critical first 6 months is our priority. We provide an intensive and tailored programme of training and regular visits from your New Business Development Manager, specialist trainers will help you and your pub team get off to the very best start.

■ Set for Success and Growth

We offer a full suite of market leading training solutions that are either free, funded or subsidised. Expert advice on best practice and industry trends will help you to grow your business and to keep you ahead of the competition. From 'best-in class' workshops that run in each region to profit generating eLearning modules, webinars and training toolkits that can be accessed 24/7. The Punch Apprenticeship for 16 - 24's and further links to the full range of BIIAB qualifications.

Your PDM will advise you of the essential training and qualifications you will need in taking on a Punch Pub, there are no additional costs to you involved.

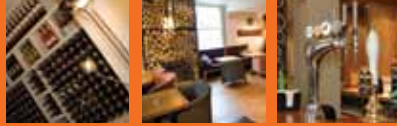
The Foundation Week

The Punch Progress Foundation Week is designed to deliver vital support which alongside your own hard work; will give you every chance of success. There are alternative courses that would also be recognised as suitable if they are of sufficient quality and accredited by the BIIAB.

THE FOUNDATION PROGRAMME

When	Duration	Foundation Week
Before you enter your pub	1 week (Monday to Friday)	<p>This five day programme is held in a Punch pub and introduces you to how your partnership will work and what support will be available to you. It will also cover the core areas of pub operations such as:-</p> <p>The essentials of running and launching your profitable pub business.</p> <ul style="list-style-type: none"> • Cellar and Bar Management and the BIIAB Award in Beer & Cellar Quality (ABCQ) • Retail Standards and Offer • Winning Marketing and Merchandising • Managing and Developing your team • Finance and Stock management • Achievement of relevant BIIAB Level 2 Professional Qualifications, ABCQ and ALHO. <p>You will also be updated on legislation to ensure your business is protected. You will be offered your first year's membership of either the British Institute of Innkeeping (BII) or the Federation of Licensed Victuallers Association (FLVA) free of charge.</p>
Within 2/5 weeks in your pub	2 hours	<p>Advanced Cellar Excellence</p> <p>This 2 hour session is delivered in your pub and gives you the practical skills to enable you and your staff to confidently deliver to your customers the very best in product quality, perfect pour and retail standards; all tailored to your specific cellar and bar.</p>
First 6 months		<p>Business Development Meetings</p> <p>This is 1:1 development with your 'New Business Development Manager' will build on your learning and help you to implement all your short-term and long term business plans.</p>

NOTE: You must achieve the BIIAB Award in Licensed Hospitality Operations (ALHO) prior to taking a substantive agreement with Punch. This forms part of the **Foundation Week**.



YOUR TRAINING AND DEVELOPMENT

CODE OF PRACTICE - VERSION 6

PUNCH PROGRESS: your partner in training

E-Learning modules

Online training, or e-learning as it's known, is a great way to gain professional standard training. You can work through the modules at your own pace then sit an exam at the end with immediate results and a pass certificate that can be downloaded and printed. The legislative modules, Food Safety, Health and Safety and Licensing are fully compliant and have been mapped against National Occupational Standards ensuring you meet all of your legal requirements. They are endorsed by the Institute of Hospitality and accredited by the National Skills Academy and Pro Skills. Other modules include; The Bartender, Wine Training, Cask Ale, Creating Cocktails, Coffee, Service that sells and Customer Service.

Best-in Class Regional Workshops

Local and free this gives you the chance to step away from your own bar and take a look at your business from a different perspective. This selection of cost effective bite-sized workshops will support you in pushing your potential further. These business building events will help to keep you up to date with the latest ideas and innovations in the trade. They also present a great opportunity to network with other Partners and talk through specific support with your PDM and the specialist trainers.

Apprenticeships

The Punch Apprenticeship (BIIAB Level 2 Apprenticeship in Licensed Hospitality) will be available to you, the first Apprenticeship for the licensed trade. A comprehensive 12 month programme delivered entirely in the workplace is fully funded for young people aged between 16 and 24 in England and Wales subject to meeting the eligibility criteria. (Unfortunately this is not available in Scotland.)

Criteria: Funded training is dependant on the following:-

- Apprentices must be between 16 and 24 and not in full time education
- Partners must provide support, supervision and mentoring
- An age grant of up to £1500 per apprentice is also available to you when recruiting a new apprentice.

- Your PDM will be able to advise you of local public training qualification courses available, including the following:
 - a. BIIAB level 2 Award for Music Promoters (AMP)
 - b. BIIAB Level 2 Award in Licensed Retailing (ALR)
 - c. BIIAB Level 2 Award for Personal Licence holders (APLH) and Scottish Certificate for Personal Licence Holders (SCPLH)
 - d. BIIAB Level 2 Award in Beer and Cellar Quality (ABCQ)
 - e. BIIAB Level 2 Award in Drugs Awareness for Licensed Hospitality Staff
 - f. BIIAB Level 2 Award in Conflict Management for Licensed Premises Staff.
- To maximise the benefit of your training, we recommend you:
 - a. Ensure the training will meet your needs and that you fully understand the workshop's aims and objectives
 - b. Prepare and plan any questions or concerns with your PDM or New Business Development Manager prior to attending training
 - c. Make sure you attend once you have booked your place/s
 - d. Use any feedback given in your future business plans
 - e. Take the opportunity to write action-based plans following each training session
 - f. Use these plans in your Business Development Meetings so that your NBDM and PDM can support you in implementing any changes.
- Your New Business Development Manager will support you in implementing your action plans following each step of your training.
- Your New Business Development Manager and PDM will keep you informed of any additional training or seminar events that may be of benefit to you, your employees and business.
- You will be provided with reference materials on all aspects of your training and updates will be available to you from the Punch Taverns website and Buying Club site.



THE ROLE OF THE PARTNERSHIP DEVELOPMENT MANAGER - DEVELOPING YOUR BUSINESS

CODE OF PRACTICE - VERSION 6

our promise...

To work in partnership with you to help you get the best performance from your pub business by providing advice through your Partnership Development Manager (PDM).

HOW IT WORKS

Punch employs a team of experienced PDMs, all of whom have undergone extensive in-house and external training. The PDM is your main point of contact, available to advise you in your dealings with Punch Taverns, support you with the development of your business and to ensure that the obligations of your contract are being maintained.

- You will be allocated a PDM responsible for Punch pubs in your area.
- For the first five months your PDM will visit you as a minimum once every four weeks.
- Thereafter, your PDM will visit you a minimum of four times a year, but more often by mutual agreement.
- Your PDM is fully trained, having undergone a full induction process into the industry and, as part of a programme of continuous professional development, will participate in all of the courses we offer you. ***He/she will have also completed, or be in the process of completing an industry recognised qualification in hospitality area management. We keep records of all training completed by our PDMs and will provide detail of this to BIIBAS as part of our annual compliance statement.***
- Based upon this in-depth training, your PDM will be able to provide advice and support in the following areas:
 - a. Getting started (see "Letting our Pubs" section)
 - b. Investing and development (see "Investing with Punch Taverns" section)
 - c. Product range, product mix and pricing recommendations for your pub
 - d. Legislative and statutory obligations including licensing
 - e. Training and development plans for you and your employees using our comprehensive selection of courses (see "Your Training and Development" section)
 - f. Business controls to enhance the profitability of your business
 - g. Development of marketing and promotional plans with you
 - h. Evaluating the financial status of your business and help with planning cash flow.
- To maximise the benefit of your business development meetings we recommend you:
 - a. Agree a time and venue to avoid interruptions
 - b. Prepare and plan for the meeting beforehand
 - c. Agree the objectives and an agenda beforehand
 - d. Commit a minimum of one and a half hours for each meeting
 - e. Make sure you follow through on any actions agreed.
- Your PDM will take notes during meetings and agree future actions, time frames and responsibilities.



THE ROLE OF THE PARTNERSHIP DEVELOPMENT MANAGER - DEVELOPING YOUR BUSINESS

CODE OF PRACTICE - VERSION 6

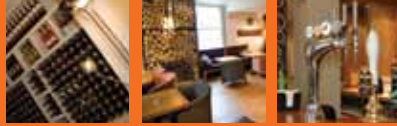
- These will be documented so both you and your PDM are clear on the next steps.
- You will be given a copy of the meeting notes. You should file these in a safe place as a record of your meeting.
- Your PDM will also complete property checks (including regular cellar visits and, on occasion, accommodation visits) to ensure that the purchasing and property maintenance obligations of your agreement are being complied with.
- Your PDM will change from time to time, but wherever possible we will attempt to minimise changes and disruption.

CONTACT SERVICE LEVELS

The best ways to contact your PDM are by telephone or e-mail.

- Should you leave an answerphone message your PDM will return your call within 24 hours.
- On emailing your PDM you will receive a return email within 48 hours
- If your PDM is on holiday or away from work, an appropriate message will be left on both answerphone and email advising on the period of absence, and alternative contact details.
- Should you be unhappy with the level of service provided by your PDM you can refer the matter to your Regional Operations Director (a PDMs line manager) and follow our dispute resolution process thereafter (please see "Queries, Complaints and Dispute Resolution" section).





PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

our promise...

To provide a prompt and responsive service for all your product supply requirements.

HOW IT WORKS

PRODUCT RANGE

- We have a large range of ale, lager and cider products available to our partners; these include leading brands as well as more specialised and regional products.
- You have the freedom to choose from the list the products you want to sell in your business, but there will be geographical restrictions due to depot availability. Your PDM will help and advise you with this choice.
- In addition to our standard range, we provide a cask ale membership scheme called "Finest Cask". This is a rotational cask ale scheme listing a variety of products from across the UK. It includes a minimum of 16 products changed every eight weeks.
- During each Finest Cask Rotation we aim for all beers to be available throughout the rotation. However, at times some brands may not be available due to increased demand. In these cases we will endeavour to offer alternative brands.
- This scheme has specific membership requirements. For further details, please call the Contact Centre or your PDM who will be happy to help and advise.

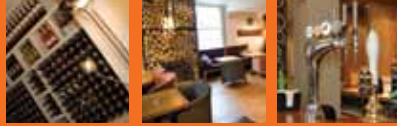
PRICING AND DISCOUNTS

- Punch Taverns has three separate bands of pricing and discount for tied products. Your own pricing will be based on your individually negotiated agreement. (See section "Letting our Pubs" for full details.)
- The Punch Taverns Price list demonstrates the national wholesale price list by product and then the relevant discount applied by us to that price.
- The table below outlines our average discount per 36-gallon barrel.

Average Discount per barrel*			
Discount per Barrel	£65	£100	£160
* The average discount per barrel compared to the Brewers' Wholesale prices. This is based on weighted average, by volume, of discounts on Punch's top 20 selling products. Copies of our price lists are available on request. Discount relates to a 36 gallon barrel or its equivalent.			
Rent and discount options will vary pub by pub dependant on agreements currently on offer.			

These discount levels will change from time to time based on changes instituted by brand owners.

- Brand Owners increase their wholesale prices and we are entitled to pass these increases on to you. At our discretion, we may choose to increase discounts so we do not pass on the full increase in wholesale prices to you, dependent on market conditions. In general we will not impose price increases greater than the Brand Owner's published wholesale price increase save for exceptional circumstances.
- We will not sell a product to you above any Brand Owners published wholesale selling price.
- In exceptional cases a Brand Owner may demand a cost price increase from Punch which is not reflected in their published wholesale price list. In these cases we reserve the right to pass on all or part of this price increase, or revise the product discount at our discretion.
- Again, we will not sell a product to you above any Brand Owners published wholesale selling price.
- The alcoholic products you sell are subject to tax. The level of this tax is controlled and decided by the Government. Where the Government decides to change this tax, we will pass the change on to you. We would recommend that you change your own retail pricing to reflect these changes in tax.
- **We will always communicate any price changes (barring government imposed tax increases which typically take effect immediately) to you a minimum of 7 days before they take effect.**
- For non-tied products we will seek to gain your custom by offering competitive market prices.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

PLACING YOUR ORDER

The Punch Buying Club is an easy-to-use online ordering facility which operates as follows:

Registration process

Before you can place orders you will need to register with us.

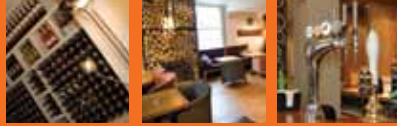
- When you first take on your pub you will be given a customer account number.
- This customer account number will be your unique reference with Punch.
- Visit the Punch Buying Club online ordering site and click on the "Register" button.
The site is available at: **www.punchbuyingclub.com**.
- Fill out the registration page in full. For this process, you will need a few pieces of information to hand. These include:
 - a. Your allocated customer account number
 - b. A secure password of your own choosing
 - c. A security question (in the event that you should need to reset your password in the future).
- The Contact Centre will call to confirm your details within 48 working hours and offer to help you navigate through the website.
- Once your account has been set up, you will be sent a confirmation email.

Placing your Order:

- Visit the Punch Buying Club ordering site and enter your login information (email address and chosen password).
- Select the type of order required. Current options include:
 - a) Standard scheduled delivery
 - b) Unscheduled delivery
 - c) Collect from depot order.
- Select the delivery date from the delivery date calendar. Standard Buying Club orders are available for next working day delivery if placed before 11.59 am. If your method of payment is debit/credit card or cash then this payment will need to be made and authorized before 11.59 am.
- Navigate through the site to select the available items to add to your order. All items are placed under the relevant categories. For example, Guinness can be found under the "Ale/Stout" heading. To add items to your basket, simply choose the required quantity and click on the "Add to basket" button.
- All special offers available to Punch Taverns telephone customers are available to our Partners online.
- Once you have selected all your required products, click on the "View and Checkout" link to be taken to your basket. Once you are happy that you have everything you need click "Proceed to checkout".
- You will receive a confirmation email detailing your order.
- If you want to alter an order and it is still before the cut-off time, log back in to the site and amend the order. This can be done as often as you need to up to your depot cut-off time.

What to do if you have a problem:

- If you are experiencing a problem that requires contact with your PDM you can send them a message directly from the site. Click "Your account". On the summary page you will find both your PDM's telephone number and a contact request form.
- If you need to find contact details for one of the Brand Owners, you will find this information by clicking the "Your contacts" link.
- Other helpful information and contact details can be found within the Help Centre on the site.
- If you are unable to place your order online due to an internet failure or site failure please call the Contact Centre to process your order over the telephone.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

When placing your order by telephone;

- Based on your location, you will be allocated a delivery day each week (see “Regular Drinks Deliveries” sub-section below).
- We will telephone you 48 hours before your delivery day in order to take your order. During these telephone calls, you can specify a time when you want to take this call each week.
- You can call us to place your order by dialling 01283 502222. Choose the appropriate option and provide your customer account number, postcode, town, and/or street.
- If your account is operated on a Cash with Order basis you will be informed of the cost of your order and when you need to pay. (For further details please see the “Operating your Account” section.)
- You can place orders any time Monday to Friday for deliveries on a Monday to Friday. However, if these are outside of your normal delivery day or less than 48 hours before your normal day there is a charge for these additional services (see “Charging Matrix table”).

REGULAR DRINKS DELIVERIES

Having placed your order either online or by telephone, your drinks products will then be delivered to your pub. You can make choices on how you are notified of that delivery, and should you need emergency orders, request further deliveries subject to the below conditions:

- When you first enter your pub you will be allocated with a regular, weekly, delivery day (Monday to Friday inclusive).
- If a second regular delivery is required, please telephone our Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk.
- An advisor will then ensure that your delivering depot undertakes a full assessment, based on cellar size and / or size of a standard delivery, to establish whether a second delivery can be arranged.
- You will then have the option of either being given a specified time window (no greater than 4 hours), or taking advantage of our expected time of arrival (ETA) service.
- The ETA service will give you a more accurate delivery time (a 2 hour window instead of 4), enabling you to better utilise your day. However, deliveries are planned on a day by day basis and thus your delivery time may vary from one delivery to the next – See ‘**Delivery Time Matrix**’.
- If you would prefer an ETA for each of your deliveries please call 01283 502222, press the appropriate option for ETA’s, and follow the automated instructions.
 - a. You can subscribe, un-subscribe and make all amendments required through the automated service.
- Alternatively, if you would like to be allocated with a time window, then please call our Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk to speak to an advisor who will arrange this for you.
 - a. A maximum 4 hour delivery time window will be allocated but please be advised that this may have to be amended if Health and Safety or legal access restrictions exist. Your allocated time window only applies to your scheduled delivery day and unfortunately cannot currently be applied to Off Day or Same Day deliveries or any other orders outside of your normal delivery day.

ADDITIONAL DELIVERIES

There may be occasions when you run out of drink products. In these exceptional circumstances you may choose to receive an “Off Day” delivery (Monday to Friday inclusive), or a “Same Day” delivery (Monday to Friday inclusive).

An “Off Day” delivery is a delivery made on a day other than your normal scheduled delivery day.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

OFF-DAY DELIVERY (MONDAY TO FRIDAY)

In normal circumstances you should be able to plan your stock cover based on your scheduled delivery. Occasionally unforeseen events can create unexpected stock shortages and in this event you can place an order for an off day delivery. All off day deliveries are charged at a flat rate, irrespective of day of the week. Please see the charging matrix for more details.

- For an Off Day Delivery please place your Off Day order request by 12 noon to receive your delivery on the next working day. The time window for all Off Day Deliveries is 6am – 6pm. However, if you have signed up to receive an ETA by text for your deliveries then this will still be provided to you and your delivery made within that ETA – see 'Services Matrix' for more detail.

Same Day Delivery (Mon to Fri)

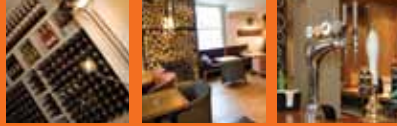
- If you require additional stock more urgently, we can offer you a Same Day Delivery service.
- To secure a delivery, please ensure that your order is placed (and released by the credit department if applicable) before 11.30 am and we will endeavour to deliver it later that day.
- Please be advised that all Same Day Deliveries will be subject to a charge due to the costs of planning and resourcing these additional deliveries – see '**Charging Matrix**'.
- These services are for emergencies only and not to be used as a regular scheduled delivery or a second delivery

(Unfortunately we are not able to offer these services to customers with remote postcodes. Please call our Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk for more information).

Customer Collection (from Servicing Depot)

- When placing an order through the Buying Club select 'Depot Collection' order type **or** if ordering via the Contact Centre request a "Customer own collection".
- If placing an order via the Buying Club, the delivery address will visible on your order check out page. If placing your order via the Contact Centre you will need to request the depot address from your Contact Centre advisor.
- Please ensure that you allow at least **3 hours** from order placement to physical collection from the relevant depot. **Note:** If you are having to pay for your order before your order is released then you must allow 3 hours from payment to collection.
- Own collections are available from 9.00am to 5.30pm, Monday through Friday
- You will need to provide a form of 'ID' which clearly identifies you or the individual making the collection as over 18 years old.
- The suitability of the vehicle to enter the depot and collect the delivery will be assessed at site. Any vehicles that are deemed not fit for purpose will be refused access. It is your responsibility to load the vehicle with the goods ordered.
- A signature is then required to confirm that the order is correct, or alternatively, that any discrepancies have been recorded accurately:
 - a. Your signature confirms that you accept that the order is accurate and that you agree to the delivery time.

Any requests for credit after this point are likely to be refused so please ensure that you double check all order / delivery paperwork.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

DELIVERY TIME MATRIX

	Delivery Time	
	ETA	Time Window
Standard Delivery	Within 60 mins of stated ETA	4 hour time frame as agreed
Off-Day Delivery	Within 2 hours of stated ETA	12 hour time frame – 6am to 6pm
Same Day Delivery	Day of Order	Day of Order

CHARGING MATRIX

	Partners Ordering via the Contact Centre	Partners ordering online via Buying Club
Standard Delivery (Ordered on allocated call day or before – 48hr+)	£0	£0
Standard Delivery (Ordered 24hr before delivery)	£10 + VAT	£0
Off-Day Delivery	£40 + VAT	£40 + VAT
Same Day Delivery	£100 + VAT	£100 + VAT
Non Acceptance / Refused Delivery	£40 + VAT	£40 + VAT
Re-Delivered Orders	£40 + VAT	£40 + VAT

We may vary these charges at our discretion based on negotiated terms with our suppliers, exceptional fuel and RPI increases.

DELIVERIES

- When the delivery crew arrive at your pub they will unload your order and deliver the stock to your cellar:
 - a. (In exceptional circumstances) There may be situations where a delivery is made by courier on behalf of Carlsberg UK.
- Partners are responsible for ensuring that access to the property and the cellar entrance is clear to enable the crew to make their delivery.
- You must check that both the products and the quantities delivered match the delivery paperwork.
- You must also check that the containers are sealed and that the products are not outside minimum shelf life or damaged:
 - a. If there is an issue with any of the above then the products should be returned with the delivery crew
 - b. This will ensure that you are not invoiced for these products.
- The delivery crew is then contractually obliged to sign and enter the time of your delivery.
- Your signature, or that of an authorised person, is then required to confirm that the delivery is correct or, alternatively, that any discrepancies have been recorded accurately.
 - a. Your signature confirms that you accept that the delivery is accurate and that you agree to the delivery time.
- **Any requests for refunds after this point relating to missing or damaged products are likely to be refused, so please ensure that you double-check all deliveries and paperwork.**

NON-ACCEPTANCE/REFUSED DELIVERY

If there is no one on site to accept your delivery at the agreed time, or you are unable to take the delivery, then it will be re-delivered on the next working day:



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

Delivery attempted within the agreed time;

- The re-delivery will take place between 6am and 6pm.
- This delivery **will** be subject to an additional charge – See the “Charging Matrix”.

Delivery attempted outside of the agreed time;

- The re-delivery will be within your normal time window.
- This delivery **will not** be subject to an additional charge.

Additional instances of the above, even for the same orders, will attract additional charges on each occasion. If you are unsure of your delivery day/s and / or time windows, please call the Contact Centre for clarification.

EMPTY CONTAINERS

- The delivery crew will remove empty containers on a minimum of a “one in, one out” basis (following the delivery of your order).
- If you have a surplus of empty containers (20 plus) that your dray crew are unable to collect when making your delivery, call the Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk.
 - a. Please have to hand an estimate of both the number of containers and their sizes.
- The advisor will arrange for these to be collected by Carlsberg UK within the next five working days.

Only containers delivered by Carlsberg UK should be returned via this route. The return of containers delivered by third parties is not permitted and the costs may be re-charged to you.

COLLECTION AND CREDIT OF ULLAGE

Please be aware that ullage claims are only likely to be accepted if the following points have been adhered to:

- The product has not exceeded its “best before” date at the time of reporting an issue.
- No more than three gallons have been drawn from the container.
- The container has not been mismanaged, diluted or contaminated, and there is no evidence of tampering with the container or spear.
- A racking label is present on the container.

If you place your order by telephone

- Call the Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk to report any ullage issues.
- The advisor will arrange for a delivery crew to collect the ullage.
 - a. The collection will take place within 10 working days.
- When the crew collect the ullage they will attach a collection tag to any containers and return them to the relevant Carlsberg UK depot.
- Once the containers have been returned they will be inspected and, if appropriate, a credit will be passed on to your account.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

If you place your order through the Buying Club

- You must complete a claim form. Please do not contact the Brand Owner directly. Click "Ullage" at the top of the first Buying Club page to go to the claim form.
- An advisor from the Distribution Helpdesk will then contact you, between the hours of 6am and 6pm, to arrange for a delivery crew to collect the ullage.
 - a. The collection will take place within 10 working days.
- When the crew collect the ullage they will attach a collection tag to any containers and return them to the relevant Carlsberg UK depot.
- Once the containers have been returned they will be inspected and, if appropriate, a credit will be passed on to your account.

DELIVERY ERRORS

- We aim to complete all deliveries on time and in full.
- When we fail to complete a delivery either in whole or in part, our processes are designed to manage this and ensure re-delivery the following working day, or as soon as any out-of-stock situation has been resolved.

PRODUCT LIFE QUERIES

- The Contact Centre will be able to advise on the minimum shelf-life standards of the various product categories supplied.
- For any queries call the Contact Centre on 01283 502222 and select the appropriate option for the Distribution Helpdesk.

TECHNICAL SERVICES

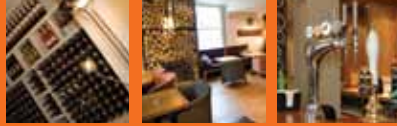
Each beer Brand Owner is responsible for providing technical service support for their own beer brands.

Punch Partnership Lease Partners:

- If you choose to use the "Free of Tie" (FOT) cask ale provision within your Punch Partnership Lease then you will identify with your PDM the hand pull you intend to use for your locally sourced cask ale.
- Once identified this line will be tagged with a 'Partner' sticker to clearly identify they can be used for Cask brands purchased under the FOT provision.
- Once in operation you will be invoiced £30 per quarter for maintenance.

General dispense issues:

- General dispense issues not specific to a brand (e.g. line cooling failure) should be directed to your nominated Principal Brewer.
- We will provide you with details of your Principal Brewer and let you know if any changes take place. For more information about your Principal Brewer contact our Contact Centre by telephone or email.



PUNCH SUPPLY SERVICES

CODE OF PRACTICE - VERSION 6

Brand specific issues:

- Brand-specific or point-of-dispense issues should be directed to the relevant Brand Owner.
- A list of brands provided by each Brand Owner together with their contact details is available from the Contact Centre. Please also see the "Contacts" section .
- Brand Owners' helpdesks will typically be staffed between 8am and 8pm, seven days a week, 364 days per year (excluding Christmas Day).
- When you contact a Brand Owner's helpdesk, you will be given a log number that will be used to track the progress of the fault/enquiry.
- Your call will be given a target response time based upon the nature of the issue reported.

Cask ale/beer engine support:

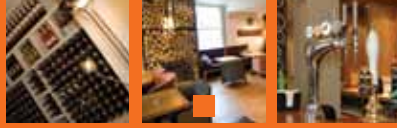
- If you experience any cask ale dispense issues, please contact your Principal Brewer.

Technical visits:

- A technician will usually be available from 8am–8pm 364 days a year. (Please be advised that some Brand Owners operate an emergency-only response on Christmas Day.)
- A technician will endeavour to notify you of an estimated time of arrival for emergency calls only.
- On each individual visit, the technician will try to deal with all outstanding issues relevant to their brands.
- The technician should confirm your acceptance that all works have been completed to the standard required prior to departure.
- Any product loss should be confirmed by you to the technician at the start of the visit who will register that loss.
- Brand owners do not provide credit for product loss that occurs as a result of commissioning new installations. All other losses, witnessed or un-witnessed, are at brand owners discretion.

Changes to dispensed products:

- If you wish to review, add or remove draught dispense brands, please contact your PDM who will discuss the range of products available to you and provide advice on their suitability for your business. You should not make any changes to brand owner dispense equipment without prior approval from Punch Taverns.
- Once you have agreed the product change, your PDM will complete and submit a Request for Work form to the Brand Owner(s).
- At this point, the Brand Owner will evaluate whether the product changes are financially viable for them. If they decide that this is not the case they will not proceed with the changes. In this instance the decision of the Brand Owner will be clearly communicated to you and, if you choose, you can fund the cost of the installation yourself.
- All installations will be completed within 10 working days (apart from soft drinks which will be completed within 15 days) of the Brand Owner accepting the request, or at a later date at your convenience.
- This will give you sufficient time to order new stock and to run through existing stock.
- It is recommended that you do not order new products prior to the Brand Owner confirming an installation date with you.
- Where you benefit from a free-of-tie concession on cask beer you must continue to use Brand Owner dispense equipment. Under no circumstances can you remove or modify Brand Owner dispense equipment in the pub without following the change procedures as detailed above.
- An installation of a new product is subject to a cost incurred by both the brand owners and Punch Taverns. Where products are installed and removed in a short time scale we may seek to recover the cost of the installation from you.



OPERATING YOUR ACCOUNT

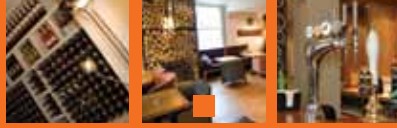
CODE OF PRACTICE - VERSION 6

our promise...

To provide an efficient credit assistance service in support of your agreed payment terms for property rent, property charges, and trade purchases.

HOW IT WORKS

- Before you take over your pub your PDM will discuss your payment terms and any potential credit facility with you.
- Based on the level of your deposit and whether you own your fixtures and fittings (either in part or in full), your payment terms will be agreed.
- Your property rent charges and trade purchases will operate as one combined account with payment for both due on the same day.
- Our preferred terms are weekly by Direct Debit, which means that your property, rent and trade purchases are paid weekly in arrears.
- Our standard Direct Debit collection day is Tuesday, unless otherwise advised.
- A statement detailing all of your transactions will be sent to you on a regular basis, in line with your agreed trading terms.
- A VAT invoice for all relevant items charged to your account (including rent) will be provided.
- Your Credit Assistant will contact you within five working days of you starting in your pub to confirm your credit terms and explain how your account will operate.
- If you are having problems settling your account with us, then please contact your Credit Assistant who will discuss the options available to you.
- Any unpaid Direct Debits will incur a £25+VAT returned payment fee.**
- In certain circumstances, it may become necessary to operate your account on a Cash with Order basis. This means that you are required to pay for your trade purchases before they are delivered.
- Cash with Order trading terms increases the administration involved in operating your account. Where you pay by cash directly into our bank account you will incur an administration fee of £25+VAT ** per order. No charge is applied if you pay by debit card either online or via your Credit Assistant.
- If you are offered credit terms but choose to operate your account on a Cash with Order basis, we reserve the right to charge a fee of £25+VAT** per order to recoup the additional administration costs involved.
- If you fail to maintain your agreed payment arrangements we reserve the right to take the necessary legal action. This could include the instruction of bailiffs to recover any monies owed to Punch Taverns.



OPERATING YOUR ACCOUNT

CODE OF PRACTICE - VERSION 6

OPERATION OF CASH WITH ORDER ACCOUNTS

- Place your order by your normal method of either the Punch Buying Club or the Contact Centre.
- You will be informed of the cost of the order and a week's property charge, (plus a surcharge for repayment of any outstanding monies if applicable).
- You can then make your payment;
 - a. Online by debit or credit* card if you have ordered using this method
 - b. Over the phone by debit or credit* card payment. This can be taken by your Credit Assistant
 - c. Directly into Barclays Bank in cash using the paying-in book provided by your Credit Assistant. This will incur an admin fee of £25+VAT** per week. This applies to orders placed either online or by telephone.
- The payments you make are allocated to your account against the invoices raised over the preceding 7 day period. The order priority of this allocation is:
 - a. Goods (drinks) invoices
 - b. Rent invoices
 - c. Any other sundry invoices

*Where a credit card is used a 2% handling charge will be applied and we reserve the right to amend this figure.

**We reserve the right to amend this fee.





AGREEING YOUR RENT REVIEW

CODE OF PRACTICE - VERSION 6

our promise...

To carry out fair, honest and transparent negotiations to agree rent at the market rate.

HOW IT WORKS

PUNCH PARTNERSHIP LEASE

- There is no provision within the Punch Partnership Lease for Punch Taverns to call a rent review during the term of the agreement. However should you choose an agreement over 10 years there will be an open market rent review in the 10th year of the agreement.
- The rent of the property will increase each year by the level the Consumer Price Index (CPI). CPI can be both upwards and downwards. Please see glossary for full definition of CPI
- Should you feel that your rent no longer reflects the business opportunity of your pub you can request a rent review under RICS guidelines on the 5th anniversary of your agreement.
- To activate your rent review clause you should put your request in writing no later than 6 months before the 5th anniversary of the agreement. If you wish to activate this rent review clause, you must write to us within this time period as time is of the essence.
- ***Following this request we will follow the recognised open-market valuation methods established by the Royal Institution of Chartered Surveyors (RICS) to calculate rent. In this way rents can go up and down as part of this process.***

Should you hold an agreement with a rent review provision

At the time of rent review:

Rent review periods vary by agreement. Typically, a rent review is due every five years. At the point of your review we will offer you the opportunity to convert your existing agreement to a Punch Partnership Lease. We will provide you with an assessment based on the differences in discount, rent and tie obligations giving you the choice of conversion or remaining on your existing agreement.

12 months before rent review, we will write to you confirming your review date.

- Within 12 weeks of sending the letter, we will telephone you to arrange an initial meeting.
- ***We will use recognised valuation methods established by the Royal Institution of Chartered Surveyors (RICS) to calculate rent. As a matter of course, we will implement any changes made by RICS to their guidance. For more information on how to contact RICS and obtain details of their guidance please see the "Contacts" section.***
- ***We strongly recommend you seek advice from an independent advisor to assist you in reaching a satisfactory agreement at rent review.***
- ***The review will be based on an assessment provided by us showing the level of profit that we believe a reasonably efficient operator should be able to achieve after all reasonable costs have been taken into account. This will be completed by a RICS qualified Regional Valuation Surveyor (RVS).***
- ***All calculations relating to product margins and gross profits for tied products will be made using the prices you pay us for those products.***
- ***The rateable value used in this rent assessment will be the actual rates you pay where that information is available or, if not available, will be estimated based on FMT.***
- ***During the meeting you will be able to discuss any information or developments you believe should be part of the review.***
- ***We will seek to provide any further information you or your advisors may require or request subject to availability. Where this information is not available, we will explain the reasons why.***



AGREEING YOUR RENT REVIEW

CODE OF PRACTICE - VERSION 6

- ***We will provide any information that may be used in third party determination, subject to availability. Where this information is not available we will explain the reasons why. Due to the confidential nature of this information, we may require you and your advisors to sign confidentiality agreements prior to us releasing this information.***
- This assessment may differ in reality from the actual performance of the pub as the pub may be performing better or worse than the assessment. This will be openly explained and taken into account in the subsequent process of negotiation.
- All rent reviews can be either upwards or downwards.
- ***Where, as part of your agreement, you share machine profits with us, this income is not included in the “divisible balance” determined when formulating a rent assessment.***
- Six months before the review, we will advise you of our rent proposal and arrange to meet with you and your independent advisor (if you have one) to openly discuss how we arrived at the proposed figures. We will provide you with a detailed copy of this assessment, and then negotiate with you to reach a final figure.
- We will conduct our negotiations in a constructive, considerate and courteous nature.
- We should be able to reach an agreement after approximately two structured meetings. Once the rent has been agreed, you will be asked to sign three copies of a rent memorandum, one of which will be left with you for your records. This should be kept in a safe place with your agreement.
- We always aim to work together in partnership, but if you are unable to reach an agreement with the member of management carrying out your review, you can request that your case is considered internally by a higher level of management following our complaints and dispute procedure (see Section “Queries, Complaints and Dispute resolution”).
- ***If we are still unable to reach agreement having exhausted this internal procedure you can refer the discussion to an independent expert through the Pub Independent Rent Review Scheme (PIRRS) or, if you wish, other third party referral (as outlined in your individual agreement) to decide what the rent should be.***
- ***If we have been unable to reach agreement within three months of the Rent Review date then you can refer your case to PIRRS if no extension has been agreed.***
- If we are unable to reach agreement, we can recommend that you make an application to PIRRS. If you do not make an application within 28 days of our request, we will make an application for third party determination under the lease terms.

TREATMENT OF “GOODWILL OF THE BUSINESS”

- Any “goodwill” attached to the business which is attributable to the partner having achieved a greater level of trade than would be expected of a “reasonably efficient operator” will be disregarded.
- The positive effects of a partner’s own structural improvements made with our consent will also be disregarded.

PUB INDEPENDENT RENT REVIEW SCHEME (PIRRS)

- ***If you wish to resolve a rent review dispute via PIRRS, both parties will be required to opt out of the rent review dispute resolution procedures detailed in their current lease or tenancy agreement by signing the PIRRS Deed of Variation.***
- ***Punch Taverns fully support PIRRS and we agree to be bound by the expert valuation delivered through the PIRRS scheme. This does not remove the right to arbitration but you will waiver such a right if the option to refer to the PIRRS is taken.***
- ***If you wish to utilise PIRRS you should complete a PIRRS application form and return this to the PIRRS administration team who upon confirmation that the information is accurate, will forward us a separate application form, which will include details of your chosen valuer.***
- ***You will then receive a copy of the Deed of Variation for signature, as will we. Once the initial application form has been received, both parties must return the original copy of the Deed of Variation within 28 days of receipt. Failure to do so results in the terms of resolution reverting to those outlined in the lease agreement.***



AGREEING YOUR RENT REVIEW

CODE OF PRACTICE - VERSION 6

- *Your selection of valuer will be considered final, subject to no conflict of interest issues arising.*
- *The PIRRS service then provides both parties with all documentation required to begin independent resolution via PIRRS, including details of all paperwork that both parties will be required to issue to the independent valuer once relevant fees have been paid. The case will then hand over to the chosen independent valuer who will make their own determination.*
- *Once the Independent Expert has made their determination, both parties will receive notice of the final rental figure.*
- *Fees range from £1,000 to £2,000 based on geography and current rent. For full details please go to www.pirrscheme.com.*

RENT REVIEW CLAUSES

- *We do not have upward-only rent review clauses in any new Punch agreements.*
- *Where upward-only rent review clauses do exist in historical agreements, these will not be enforced.*
- *Where you have an historical agreement with an upward-only rent review clause, you can remove this at any time by way of a legal deed of variation. This would be prepared by our solicitors at your cost.*
- *Should you wish to exercise this option, please contact your PDM who will advise of the costs involved and instruct our solicitors accordingly.*

RETAIL PRICE INDEXATION

- Some historical agreements with Punch Taverns are subject to Retail Price Indexation (RPI).
- RPI is the most familiar general purpose domestic measure of inflation in the United Kingdom.
- This means that the rent of your property will either increase or decrease based on the level of RPI at the anniversary of your agreement.
- We will communicate the level of RPI and increase/decrease applicable.

CONSUMER PRICE INDEXATION

- Future agreements with Punch Taverns (Punch Partnership Lease agreements and Punch Foundation Tenancy agreements) are subject to Consumer Price Indexation (CPI).
- CPI is the measure adopted by the Government for its UK inflation target.
- This means that the rent of your property will either increase or decrease based on the level of CPI at the anniversary of your agreement.
- We will communicate the level of CPI and increase/decrease applicable.

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RENEWING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

our promise...

To provide a clear process to allow you to renew your agreement and to carry out fair, honest and transparent negotiations to agree rent at the open market rate.

HOW IT WORKS

Some agreements with us have a statutory right of renewal under the Landlord and Tenant (L&T Part II 1954) Act. These agreements are typically those with terms of seven years or above. This means you have a right to renew your agreement on the same contractual terms and conditions as you already hold, this will be subject to modernisation clauses. Modernisation clauses are typically new laws or practices which have been passed since the original lease began; for example the Licensing Act 2003.

At the point of your renewal we will offer you the opportunity to convert your existing agreement to a Punch Partnership lease agreement. We will provide you with an assessment based on the differences in discount, rent and tie obligations, giving you the choice of conversion or remaining on your existing agreement.

If your agreement does not have a statutory right of renewal then we will usually renew with our existing partner, providing there has been no substantial breach of agreement. We will also offer the option of moving onto a Punch Partnership Lease or work with you to arrange a suitable exit from the business.

Please see your individual agreement for these details.

AGREEMENTS THAT ARE PROTECTED BY THE LANDLORD AND TENANT ACT

- Fifteen months before the expiry of your agreement, we will write to you confirming this date.
- You must seek advice from an independent advisor and solicitor to assist and support you in the renewal process and in any negotiations. You may lose your statutory right to renew if you do not serve the correct notices at the right time.
- Where you are responsible for repairs and decorations we will carry out a "dilapidations" survey of the property. (Please see the "Repairing Liabilities" section.) You will be charged for the cost of the survey. The first letter from us will confirm which surveyors will carry out this survey on our behalf and the cost involved. They will then contact you directly.
- If you have been provided with a schedule of condition at the beginning of your agreement, the dilapidations survey will be based on this schedule and you will be required to complete any works to ensure the property is returned and maintained to this documented and agreed standard.
- The surveyor's report will be sent to you four weeks after the inspection and will detail repairs and maintenance that need to be carried out under the terms of your repairing clause.
- Should you disagree with this survey, you have the opportunity to ask for the completion of another survey by another surveyor of your choice. This surveyor must be a member of the Royal Institution of Chartered Surveyors (RICS). This survey will again be at your own cost.
- In this instance, both surveyors will then agree the details of the repairs and maintenance to be completed by you.
- If both surveyors are unable to agree then the professional body governing the practice will be utilised to arbitrate at a shared cost.
- Twelve months before your agreement expires, we will telephone you to arrange an initial meeting to discuss your intention to either renew or end your agreement.
- If you wish to end your tenure then we will confirm your final obligations under the terms of your agreement, and begin the process of re-marketing the pub.
- If your intention is to renew, we will enter into negotiations in the same manner as a rent review (please see the section "Agreeing your Rent Review"). During the meeting, you will be able to highlight any information or developments you believe should be taken into account as part of these negotiations.



RENEWING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

- The process differs from the rent review process in that you can seek to re-negotiate any of the terms of the agreement.
- Nine months before the expiry of your agreement, we will arrange a meeting to present you and your advisor with our rent proposal. We will discuss how we arrived at the proposed figures and negotiations can then take place.
- We should be able to reach an agreement after approximately two structured meetings and, once the rent has been agreed, we will instruct solicitors to begin the process of renewal.
- If your agreement includes an Upward only Rent Review clause then this will be removed at the point of renewal of your agreement.
- Before your agreement ends, our solicitor will send you a legal notice (not applicable in Scotland) that will clearly set out the steps you need to take to protect your position.
- In very exceptional circumstances, it may not be possible to reach a new agreement by the time the existing one expires. If this is the case, and we have exhausted our internal procedure, both parties may agree to refer the discussion to an independent expert through the Pub Independent Rent Review Scheme (PIRRS) or, if you wish, other third party referral (as outlined in your individual agreement). Please see the "Agreeing Your Rent Review" section

AGREEMENTS THAT ARE NOT PROTECTED BY THE LANDLORD AND TENANT ACT

- Fifteen months before the expiry of your agreement, we will write to you confirming this date.
- You must seek advice from an independent advisor and solicitor to assist and support you in the renewal process and in any negotiations.
- Where you are responsible for repairs and decorations we will carry out a survey of the property. (Please see the "Repairing Liabilities" Section.) You will be charged for the cost of the survey. The first letter from us will confirm which surveyors will carry out this survey on our behalf and the cost involved. They will then contact you directly.
- The surveyor's report will be sent to you four weeks after the inspection and will detail repairs and maintenance that need to be carried out under the terms of your repairing clause.
- Should you disagree with this survey, you have the opportunity to ask for the completion of another survey by another surveyor of your choice. This surveyor must be a member of the Royal Institution of Chartered Surveyors (RICS). This survey will again be at your own cost.
- In this instance, both surveyors will then agree the details of the repairs and maintenance to be completed by you.
- Twelve months before your agreement expires, we will contact you to arrange an initial meeting regarding agreement renewal.
- At this point, we will jointly discuss whether it is in either of our intentions to renew the agreement.
- If either of us do not wish to renew, then we will confirm your final obligations under the terms of your agreement, and begin the process of re-marketing the pub.

If we both agree to renew the agreement.

- Nine months before the expiry of your agreement, we will advise you of our proposal. We will arrange to meet with you and your advisor to discuss the terms of our proposal.
- The process does differ from the rent review process in that you can seek to re-negotiate any of the terms of the agreement.
- We should be able to reach an agreement after approximately two structured meetings. Once the rent has been agreed we will ask you to sign a renewal document, which will confirm our agreement.
- Once signed, your agreement will, in most cases, receive protection under the L&T act. Should this not be the case this will be discussed with you at the point of renewal.
- Where we have agreed that we want to renew with you and the only issue preventing renewal is level of rent, we can both agree to refer the discussion to an independent expert through the Pub Independent Rent Review Scheme (PIRRS). Please see the "Agreeing Your Rent Review" Section.



REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

our promise...

To provide an efficient repairs and maintenance service.

HOW IT WORKS

If you have a property repair that you believe is the responsibility of Punch Taverns then you should:

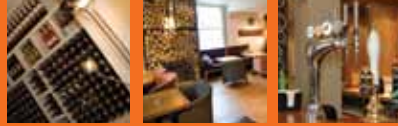
- Contact the Repairs Helpdesk on 01283 502222 and select the appropriate option. This Helpdesk is available 365 days a year.
- The Repairs Team will log your request and confirm our understanding of whether the responsibility for this repair lies with you or with Punch.
- Where Punch is responsible, we will place an order with one of our locally approved maintenance contractors. Where Punch is not responsible you will need to source your own maintenance contractor to complete the works.
- The Repairs Helpdesk will take all the details of the urgency and potential impact of the repair. This will help us determine how quickly the maintenance work will need to take place. This can vary from four hours for an emergency to three days for a less urgent request.
- Where we have accepted responsibility for the repair required then the maintenance contractor will visit your pub and assess the repair. If the expected costs exceed £250 then further authorisation will be required before the works are completed. At this point the Repairs Helpdesk will seek this authorisation from our Property Manager (PM).
- Once approved by our Property Manager, the Repairs Helpdesk will order the works over £250. Our approved maintenance contractor will then contact you directly to arrange a time to carry out the works.
- If the expected repair cost exceeds £500, then a written quotation will be requested from our maintenance contractor and referred to the PM for consideration.
- Where major works are required (typically over £2,000) then our PM will review these in the context of the overall property needs of your pub and may decide to complete these works more efficiently as part of a future investment scheme. (Please see "Investing with Punch" section for further detail.)

COMPLIANCE

Ensuring your pub complies with statutory legislation is important in maintaining health and safety for you your staff and your customers. Responsibility for the testing required (e.g. gas and electrical wiring) may rest with you, with Punch Taverns or shared between us. Your individual agreement will specify who is responsible for ensuring that this testing is carried out, who is responsible for the cost of testing and any associated remedial works.

- Where Punch is responsible for statutory compliance testing, we will employ approved contractors who will contact you to make an appointment to visit your pub and carry out the testing.
- A copy of their report or test certificate will be left in the pub for your records and a further copy will be held by Punch for future reference.
- Where remedial works are required to ensure compliance standards are met, these will be referred to our PM for completion.
- If you are responsible for these remedial works, our PM will contact you to explain what is required and agree a timescale with you to complete the works. This timescale will vary depending upon the urgency of the issues found.

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REPAIRING LIABILITIES

CODE OF PRACTICE - VERSION 6

our promise...

To provide clarity on your and our liability with regard to repairs and a fair process for dealing with these liabilities at the beginning and end of the contract.

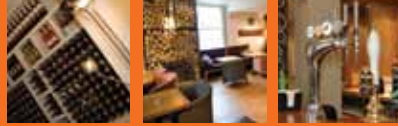
HOW IT WORKS

- ***Your agreement will specify your repair liabilities and the condition in which the property should be returned to the company at the point of your exit.***
- We will agree with you in writing what you are responsible for and what condition we expect you to maintain and return the pub to us in at the end of the contract.
- ***We strongly recommend that you complete your own independent survey of the property before making any legal commitment.***
- On taking over your property on a substantive agreement we will provide:
 - a. Electrical and gas certificates
 - b. Asbestos survey
 - c. Portable appliance tests (PAT)
 - d. Energy performance certificate (EPC)
 - e. A Fire Risk Assessment (FRA) of your premises covering the structure and physical fire safety measures based on current use.
- On taking over your property on a substantive agreement, your building will be/have (or we will provide you a schedule of works with timescales for completion):
 - a. Wind and weather-tight
 - b. Secure and clear of rubbish
 - c. Utilities connected
 - d. Drains and mechanical services working
 - e. No outstanding physical environmental health issues
 - f. Operational cellar cooling
 - g. Operational dispense equipment and clean lines
 - h. Where a kitchen is in place it will be clean, operational and with clean extraction equipment
 - i. Any Punch owned fixtures and fittings will be in working order.

PUNCH PARTNERSHIP LEASE AGREEMENT

If you enter into a Punch Partnership Lease:

- You are fully responsible for the maintenance and upkeep of the property.
- ***If you are undertaking a Punch Partnership Lease and we are not investing in the site with you, we will provide you with, before you sign your agreement, a schedule of condition of the building indicating the state in which it has been provided.***
- ***If you are undertaking a Punch Partnership Lease and we are investing in the site with you, we will provide you with, in a specified timeframe, a schedule of condition of the building indicating the state in which it has been provided following that investment.***
- ***This schedule is to be signed and agreed by both parties and indicates the standard to which the property is to be maintained throughout the duration of the agreement.***



REPAIRING LIABILITIES

CODE OF PRACTICE - VERSION 6

- Should we disagree on this schedule we will pass the matter to a jointly agreed RICS qualified independent surveyor who will formalise a schedule on behalf of both of us
- In some circumstances, based on your own independent survey and our assessment of the property, we will jointly agree on any features to be removed from this liability.
- This will be formally documented as part of your lease.

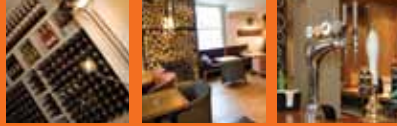
PUNCH FOUNDATION TENANCY

If you enter into a Punch Foundation Tenancy:

- You share the responsibility for maintenance and upkeep of the building with Punch Taverns. Your PDM will provide a breakdown of each of our responsibilities at your interview. A breakdown of those liabilities is also included in Appendix 5 of this Code of Practice.
- Please see the "Repairs and Maintenance" section for details on procedures for repairs which are a Punch Partnership responsibility.

AT THE END OF YOUR AGREEMENT (BOTH LEASE AND TENANCY)

- A surveyor acting on our behalf will carry out an inspection of your premises and report on any repairs you need to complete as part of the agreed liability of your agreement. This is referred to as a dilapidation survey.
- You have to pay the cost of this survey.
- For more information as to the timings of the completion of dilapidations surveys and the process for resolution if we do not agree as to the extent of the survey please see sections "Renewing your Agreement" and "Selling Your Agreement".
- If you have been provided with a schedule of condition at the beginning of your agreement, the dilapidations survey will be based on this schedule and you will be required to complete any works to ensure the property is returned and maintained to this documented and agreed standard.
- If you hold a historical lease agreement, this survey will be based on the principle of "put and keep". This means that, through your agreement, you will have been required:
 - I. to **put** the property into good condition as jointly agreed
 - II. to **keep** the property in good condition as jointly agreed
- If you have not already done so, you will be required to put the whole of the property (including living accommodation) in a good condition. If a feature is beyond repair, you should arrange for its replacement.
- If you hold a tenancy, then the principle of "put and keep" will be applied to those elements of the property that are your responsibility.
- Should you disagree with this survey you may obtain, at your own cost, your own inspection. A company or individual accredited by the Royal Institution of Chartered Surveyors should complete this.
- In this instance, we will then allow the surveyors for both parties to produce a revised report, and agree to be bound by this.
- If both surveyors are unable to agree, then the professional body governing the practice will be utilised to arbitrate at a shared cost.
- If you hold a tenancy, and you are ending your agreement by way of notice, agreed exit or expiry, then Punch Taverns will purchase your fixtures and fittings at a value determined by a suitably qualified independent valuer. This value will be returned to you, less any outstanding balances on your account
- If you hold a lease agreement, and you are ending your agreement by way of agreed exit or expiry, then Punch Taverns will purchase your fixtures and fittings at a value determined by a RICS qualified independent valuer. This value will be returned to you less any outstanding balances on your account. If you are exiting your business by way of selling your agreement to another party then your fixtures and fittings will form part of the sale.



INVESTING WITH PUNCH TAVERNS

CODE OF PRACTICE - VERSION 6

our promise...

To consider any opportunity to invest in our pubs alongside our Partners so that both parties benefit.

HOW IT WORKS

Where Punch is Agreeing to Pay for Development or Improvement to your Pub:

- Contact your PDM to discuss the process and financial commitments of a partnership investment with Punch.
- Your PDM will explain that investment opportunities are assessed on an individual basis. Together we will agree what increase in trade and profit can be expected from the investment in the form of a projected Profit and Loss account (P&L) for the pub, as used in the rent agreement process. This will be used to negotiate a new level of rent to ensure both Punch and our Partners benefit from the investment.
- Before beginning any investment, you should seek independent professional legal and financial advice.
- If you would like to proceed, you will need to prepare a business plan, outlining your ideas and how you would implement them. Your PDM will support you in developing this plan.
- Your PDM will then prepare and present a proposal to the company for financial investment in your pub.
- If this proposal meets with the first stage of approval then a meeting with your Property Manager (PM) will be arranged within two weeks to explore your proposal.
- From this point we will:
 - a. Provide a pre-investment checklist for you to read and agree which clearly defines responsibilities for both parties
 - b. Provide a design proposal, proposed layout and schedule, together with an explanation of your budget costs, for you to approve
 - c. Aim to confirm your projects approval within six weeks or provide an explanation as to why the investment cannot progress
 - d. Provide a schedule of all of the items we are contracted to supply, with final costs for all of the items you must pay for, before the work begins.
- During the planning stage we will:
 - a. Keep you advised on all anticipated timescales throughout the stages of planning, licensing, and obtaining final costs from contractors
 - b. Agree a completion date (subject to any delays in statutory approvals)
 - c. Appoint a contractor who is compliant and meets the necessary standards
 - d. Supply you with plans, specifications/schedule of works and a project programme to make sure you are clear on the intended works. The programme of works will be explained to you, highlighting any critical dates for any items you are to supply
 - e. Finalise an Investment agreement that will detail any changes to your rent or lease to take place once the project is finished. Once you have signed this, your new scheme can begin.
- During your development:
 - a. We will hold regular site visits to make sure your project is delivered on time, within budget and to the required standard. If you have any concerns at any point, you should contact your PM who will take action to address any issues
 - b. We will consult you if final costs exceed budget. A revised scheme will then be presented to you for approval
 - c. Where costs exceed budget due to:
 - i) Unforeseen construction issues – This will have no impact on the rental amount discussed with you at the start of your scheme.
 - ii) Specification changes requested by you – By negotiation we will agree an increased amount of rent in line with your specification improvements.
 - d. Your PDM will continue to support your business plan and programme of training, marketing and merchandising.



INVESTING WITH PUNCH TAVERNS

CODE OF PRACTICE - VERSION 6

- At the end of your project:
 - a. We will organise a formal hand-over meeting. This will be an opportunity to highlight and discuss any issues you may have
 - b. Actions will be agreed and any remedial work that may be required will be undertaken in the subsequent two weeks
 - c. Your PDM will provide higher levels of support to help monitor and review progress against your business plan
 - d. We will carry out a full review of your project within six months of it being completed. Any problems such as defects will be highlighted and any necessary works and timescales agreed with you.

Should you wish to invest and redevelop your Pub Business without Punch Taverns and where you are paying for the developments and improvements yourself.

- In choosing to invest in your pub yourself, you will be putting your own capital at risk if your anticipated improved business performance does not materialise.
- Any improvement which is attributable to your investment will be disregarded at rent review or agreement renewal. This will be formally documented by way of a "Licence to Alter".
- Should you proceed with your own development without a Licence to Alter, any improvements which are attributable to your investment **will not** be disregarded at review or renewal, and you may be required to put the premises back into its original state at your own expense.
- For your own protection you should always seek professional advice when considering a major development.
- You will require Punch Taverns' consent to ensure all statutory requirements are met before work starts. This will be formally documented by way of a "Licence to Alter".
- We may feel that your redevelopment plans for the building are detrimental to the short-term or long term future of the pub. In this instance we may ask for further clarity to your plans or reject your application for landlord's consent.
- You will be fully informed of our reasons for rejection. We will have to be reasonable in our reasons not to grant consent. Where you feel we are not being reasonable you may be able to apply to the Courts to overturn our decision.
- Your agreement with us may require you to pay the reasonable costs we incur in processing your application for landlord's consent and you will also need the following:
 - a. Three full sets of working drawings, including structural calculations
 - b. Three copies of the specification, detailing a description of the works being carried out
 - c. One copy of the local authority application for variation to the premises licence or our assistance to vary the licence
 - d. One copy of the Fire Officer's comments and requirements
 - e. One copy of the Planning Approval Notice, if appropriate
 - f. One copy of the Listed Building Consent Approval Notice, if appropriate
 - g. One copy of the Building Regulations Approval
 - h. If Punch Taverns does not own the freehold interest in the pub, approval may be required from your head landlord. Your PDM will advise you whether this is the case.
- Following completion of your development you will be required to continue to maintain the property and your own development in line with your contractual agreement.
- If you exercise a notice period clause or, in the worst case scenario, should you wish to surrender your agreement, you will not receive compensation for the capital you have invested. For further details please see the section "Surrendering your Agreement".



PUNCH SALES AND MARKETING

CODE OF PRACTICE - VERSION 6

our promise...

To provide sales and marketing tools and materials to support you in the development of your business.

HOW IT WORKS

The Punch Marketing Team provide a comprehensive sales and marketing service, giving you advice and ideas for events and promotions and making a number of materials available.

In order to support your business plan and the growth of your business we will provide a range of services, some of which are free, while others are offered at an additional cost to you.

■ Finest Cask

- a. In addition to our standard range, we provide a Cask Ale membership scheme called Finest Cask. This is a rotational cask ale scheme listing a variety of products from across the UK. This includes a minimum of 16 products and 6 rotations per year
- b. This scheme has specific membership requirements. For further details, please call the Contact Centre or your PDM who will be happy to help and advise.

■ Promotional activity accessed via telesales, post and online ordering

- a. Regular quarterly ideas (by way of a regular magazine) to support you with your promotional activity
- b. Promotional kits that support a key event (St Patrick's Day, St George's Day, etc) containing point-of-sale and promotional giveaways
- c. Targeted activity to support your type of pub – for example where watching sport is a key consumer occasion. This activity takes the form of ongoing point-of-sales support.

■ Buying Club Creative Team

- a. The Buying Club Creative Team service allows you to design and order your printed items using a wide range of standard templates which can be tailored to meet your personal requirements
- b. You can also tailor-make professional posters, flyers, vouchers and menus for your outlet
- c. The service is easy to use and allows you to create bespoke printed materials for delivery within 10 working days
- d. The service also allows you to create a bespoke value for money website for your pub
- e. You can access the Creative team service by phone on 01283 501718, email at creativeteam@punchtaverns.com, online via the Buying Club or through your PDM.

■ "How to" guides

- a. We produce a range of special guides and brochures to help you maximise opportunities as they present themselves to you
- b. They include seasonal guides that help you develop and promote events around particular occasions, and market-related guides that help you adapt to particular circumstances.



PUNCH SALES AND MARKETING

CODE OF PRACTICE - VERSION 6

■ Roadshows

- a. Our Roadshows bring together a broad range of drinks and food exhibitors and top deals on best-selling brands. Many of the Brand Owners offer on-the-day-only special deals, plus a range of top competition prizes
- b. In addition to the great deals on the day, we have industry leading experts who can assist you with making the most of your business including advice on Social Media, e-mail marketing and more
- c. They are held across the country and available to all existing and prospective Punch Partners.

■ Punch Buying Club – Market Place

- a. The Market Place is an online gateway (through the Punch Buying Club) to help you purchase all the goods and services you require to help you run your pub
- b. This includes materials for front of house, bar and cellar, kitchen, outdoors, services and utilities.

For further details on any of our marketing materials please call the Contact Centre on 01283 502222, or your PDM, who will be happy to help and advise.





TIE COMPLIANCE AND DISPENSE MONITORING

CODE OF PRACTICE - VERSION 6

our promise...

To monitor and enforce your obligations to purchase all tied drinks products with fairness and consistency.

HOW IT WORKS

- Tied products are priced according to the discount band agreed when signing your contract, which in most cases will be higher than prices available in the open market-place. To compensate, you pay less property rent than the rent we would demand if we were to match you the open market prices for these products.
- Buying outside of the tie is therefore strictly forbidden under the terms of your agreement with us and is regarded as a breach of contract.
- We monitor compliance with the tie by way of:
 - a. Flow monitoring equipment
 - b. Cellar inspections
 - c. Purchasing patterns
 - d. Unique packaging on bottled products.
- If a breach of tie has occurred we can implement the following conditions:
 - a. Seek to recover from you the income lost to Punch Taverns plus a legal administration fee
 - b. Apply for a court injunction (alongside recovering the income lost to Punch Taverns)
 - c. Apply for forfeiture of the agreement.
- Our decision will be based on the severity of this breach and the number of offences. However, we reserve the right to determine our course of action in relation to a breach of tie.
- Charges are recovered by way of cheques, charges to the trade account or, where a Partner is leaving the business, the charges will be recovered as part of the final settlement of accounts at the point of leaving.
- No charges for breach of tie will be made to your account without your prior consent unless there is sufficient physical evidence, including line monitoring records (but not solely based on line monitoring records) of a breach of tie, and where there is a refusal to sign an undertaking letter by the Partner in spite of this clear evidence.

FLOW MONITORING

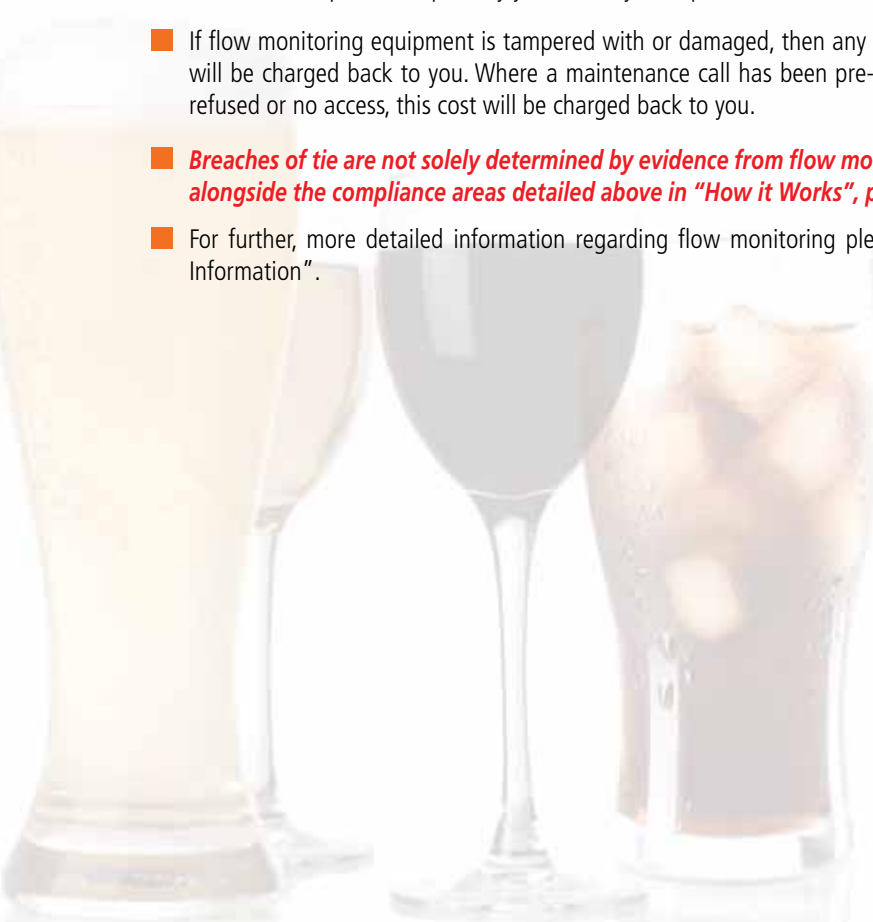
- Flow monitoring reports are available to you through your PDM at your regular business meetings, online via the Brulines dedicated Partner website (your PDM will provide details of access) and at any time at your own request.
- This information can be very useful to you in the day-to-day management of your business. The information is regularly used by our Partners to:
 - a. Support stocktake reports
 - b. Analyse the busiest periods of trade
 - c. Plan employee rotas
 - d. Support a regular line cleaning regime.



TIE COMPLIANCE AND DISPENSE MONITORING

CODE OF PRACTICE - VERSION 6

- Flow monitoring is installed in the cellar of your pub and measures the amount of draught beer and cider that is dispensed against the amount of beer and cider that is delivered. This measurement is completed by way of a flow meter installed in each of the beer lines.
- Whether this equipment is installed depends on the terms of your individual agreement. If a breach of contract has occurred by way of purchasing outside of the tie, and flow monitoring equipment is not in place, we reserve the right to install this equipment in order to protect us from any further breach of contract.
- Each flow meter is individually calibrated. The calibration setting is undertaken on product dispensed in the same way as beer is dispensed in the line.
- Flow monitoring procedures recognise and remove line-cleans from this measurement. (Please see Appendix 3 "Flow Monitoring - Further information" for additional details.)
- Punch Taverns is responsible for the installation costs and maintenance of the flow monitoring equipment. We will be responsible for ensuring that the equipment we install meets all regulatory and legal requirements.
- During maintenance it may be necessary to use your drinks products for calibrations and verifications. In such cases the stock used will be credited back to you at the average price per pint for the pricing in place as part of your contract.
- The only cost that you are responsible for is the electricity which powers the unit. Tests have shown that this equates to approximately £10 per year.
- If there is a discrepancy in flow monitoring figures, your PDM or another representative of the company will discuss and show these to you at the earliest opportunity to establish whether, in our opinion, a breach of tie has taken place.
- Whenever a negative variance is identified that could lead to a potential claim, before the claim is agreed a check of the flow meter and its calibration values will be undertaken if you request it.
- To ensure complete transparency you and/or your representative can be present when this calibration takes place.
- If flow monitoring equipment is tampered with or damaged, then any costs associated with the reinstatement of this equipment will be charged back to you. Where a maintenance call has been pre-arranged with you and then does not happen because of refused or no access, this cost will be charged back to you.
- ***Breaches of tie are not solely determined by evidence from flow monitoring equipment. This is used as supporting evidence alongside the compliance areas detailed above in "How it Works", point 3.***
- For further, more detailed information regarding flow monitoring please see Appendix 3 entitled "Flow Monitoring - Further Information".





TIE COMPLIANCE AND DISPENSE MONITORING

CODE OF PRACTICE - VERSION 6

CELLAR INSPECTIONS

- Both your PDM and other representatives of Punch Taverns complete cellar inspections. These inspections will support you in the upkeep of your beer dispense equipment, as well as ensuring that tied product from a source other than Punch Taverns is not in evidence and that flow monitoring equipment is in working order.
- You are required to allow access to your cellar at all reasonable times (trading periods) and in some cases without notice. This is to allow representatives of Punch to;
 - a. Inspect the cellar and check stock
 - b. Inspect and take samples of any drink (provided we pay a proportion of the amount you paid for the drink that the sample is taken from).
- Any refusals of access will be judged on an individual basis and managed accordingly. However we may look to secure legal process to police the terms of your lease agreement.

IRREGULAR PURCHASING PATTERNS

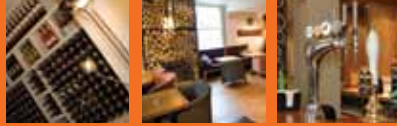
- Your PDM will discuss irregular purchasing patterns and missed deliveries with you where appropriate.

UNIQUE PACKAGING ON BOTTLED PRODUCTS

- Certain products supplied by Punch Taverns are labelled with packaging that is unique to us. Where you stock these products, they should only ever have these unique labels.
- If you are unsure about your tie responsibilities, or have encountered a stock emergency, then you should discuss this with your PDM before taking any action.



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MACHINES AND VENDING

CODE OF PRACTICE - VERSION 6

our promise...

To provide a fully serviced supply of good-quality Amusement with Prize (AWP), Skill with Prize (SWP) and other machines, and advice on how to maximise income from them.

HOW IT WORKS

- If you have completed a tied agreement with Punch for machines, your machines are provided by one of our nominated machine suppliers. The machine profit is shared 50/50 between us.
- Machine profit is calculated as machine income minus machines gaming duty, minus administration fee, minus suppliers' fees and legislative costs (see Appendix 7 "Machine Profit Share – Example Calculation" for detailed examples).
- **Where you share machine profits with Punch Taverns, this income is not included in the "divisible balance" determined when formulating a rent assessment.**
- **If you have a free of tie machine agreement with Punch then machine profits will be included as part of the divisible balance.**
- Where you have a tied agreement for machines, Punch representatives will, from time to time, check the origin of those machines to ensure that the contractual obligations of your agreement are being complied with.
- As part of these checks, if machines are found to be from a source other than Punch Taverns then this would represent a breach of your contract. In this instance you will be asked to sign an undertaking letter confirming that such a breach will not happen again.
- If such breaches were to persist then we reserve the right to take legal action to ensure that such breaches do not continue.
- Where you share the income with Punch and a shortfall occurs, meaning that the rental amount cannot be paid by the income of the machine, the machine supplier will recover these monies equally from both you and Punch.
- Where a machine continues to shortfall and is therefore unviable, then, with agreement from you, we will actively seek to remove that machine.
- To ensure that you get the best out of your machines you are encouraged to make sure that each machine contains sufficient coins in the hopper to attract game players.
- A member of our suppliers' management team will visit you a minimum of three times a year to help you get the most from your machines.
- Your AWP machines will be changed approximately four times a year to ensure you have access to the best performing machines.
- You will be advised 24 hours prior to any machine changeover or new installation to agree a suitable time.
- Machine income will be collected on a minimum of a 14 day cycle. This is dependent on how much money is to be collected and to ensure security standards are maintained.
- Each machine supplier will provide helpdesk cover from 10.00 am until 9.00 pm, seven days a week, 364 days a year (please note that no cover is provided on Christmas Day).
- Your machine supplier will respond within two hours of your reporting an out-of-order AWP.
- Your PDM will offer advice on the optimum number, siting, and type of machines in your pub during your regular business meetings to help maximise your profit.
- If you have any issues about the machine service you are receiving, please contact your PDM.
- In the event that remove machines from your pub you may become liable for a charge as part of your contract.



MACHINES AND VENDING

CODE OF PRACTICE - VERSION 6

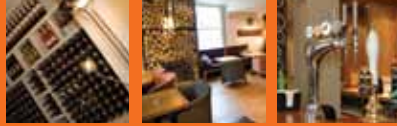
ADMINISTRATION FEE

- The partner administration fee is a payment to reflect the support that Punch provides from the head office to manage machine income for partners and Punch.
- Examples of this support is collection data monitoring, machine support and knowledge / monitoring of income, Machine Games Duty, legislative support and operator compliance to service levels.
- The administration fee is removed before the machine profit is shared between us.

ROYALTY PAYMENTS

- If you hold a historical agreement with us, we receive payments from machine suppliers as a result of the scale of our business and purchasing power. These payments play no part in the method by which the income (excluding deductions by the supplier) is shared from machines.
- The value of this payment from suppliers is commercially sensitive and confidential. This varies by supplier but, as an indication of worth, falls within 30% of the contract value.
- ***Royalty Payments will be removed from existing agreements at the point of Rent Review or Agreement Renewal and will be replaced by the administration fee.***





BUILDINGS INSURANCE

CODE OF PRACTICE - VERSION 6

our promise...

To provide comprehensive buildings insurance for your pub.

HOW IT WORKS

As owners of the pub, we need to ensure our asset is properly protected on the best possible terms and as such buildings insurance for your pub is provided by Punch Taverns as part of your contract

- At the point of signing a Heads of Terms we will inform you of the insurance premium, provide details of the level of cover provided by Punch and the excess applicable to any claims.
- New partners will be given the opportunity to 'price match' their Insurance Premium, if they are able to source an equivalent level of cover for a lower price. On signing their COA new partners will be allowed a period of 8 weeks in which to obtain an alternative quote.
- ***Existing partners will also be given the opportunity to 'price match' their Insurance Premium at our annual insurance renewal. A renewal letter will be sent to you at least two weeks before the date of renewal detailing a time period of eight weeks from the renewal date in which to obtain an alternative quote.***
- Punch Taverns will only accept like for like price matches which have been received from our Partners directly. We will not correspond or liaise with Insurance Brokers or any other third party.
- Any new or existing partners who wish to take advantage of this opportunity should email Risk@punchtaverns.com or call the Contact Centre on 01283 502222, to obtain details of the pub reinstatement value and claims history.
- To qualify for consideration for a price match you must provide.
 - a. A contract certain quotation provided by an A rated insurer
 - b. Insurance policy, provided by an A rated insurer detailing their name and address, with full policy wording plus all extensions and exclusions
 - c. Both the quotation and policy must be submitted on insurers letter headed paper.
- If the quotation provides an equivalent level of cover as that provided by Punch, we will reduce the cost of your premium to match the quotation provided and reimburse you for the difference paid within that insurance year.
- The reduction will only apply to the current insurance year.
- Your Buildings Insurance is charged alongside your rental billing and is payable according to your rental terms.
- You are responsible for insuring all other areas in connection with your business, eg (Employers Liability, Public Liability, Contents, including personal effects within living quarters and money held within AWP's, Business Interruption, etc.)
- Employers Liability insurance is a statutory requirement for which you are responsible.

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PARTNER SUPPORT

CODE OF PRACTICE - VERSION 6

our promise...

To provide a clear process for you to ask for financial support for your business if things are not working to plan.

HOW IT WORKS

In some situations, Partners may feel they need to approach us for financial assistance where they experience business difficulties that are beyond their control.

If you feel you need financial assistance from Punch Taverns then:

- Contact your Partnership Development Manager (PDM) to discuss your concerns.
- Your PDM will arrange a meeting to complete a business assessment with you within two weeks of your call.
- In order for this meeting to be as constructive as possible, please provide annual or monthly management accounts, stock-take reports and any other documentation that you feel may be relevant.
- The business assessment will incorporate the following:
 - a. Financial performance
 - b. Business controls
 - c. Sales generation
 - d. Marketing plan
 - e. Relevant customer offer
 - f. Retail standards.
- This assessment may provide an opportunity to improve current practices, rectifying some of your immediate issues. In this case, your PDM will provide advice and support to help you achieve the recommended improvements.
- This assessment may also lead to an agreement between you and your PDM to end your agreement early (see Section "Surrendering your Agreement").
- If we agree that additional support is required we will discuss our proposals with you. This may include the production of a financial assessment and recommendation by your accountant. This will advise on the appropriate actions required by us both for you to continue with your agreement.
- This assessment should be completed by your accountant within 2-4 weeks and will include a report on:
 - a. Your personal commitments / debt
 - b. Assessment on viability of the business
 - c. Clear recommendations
 - d. Self help opportunities
 - e. Advice and potential solutions.
- If you do not have an accountant, or if your accountant is unable to provide this level of service, an accountant from our Pubwise Panel can provide this assessment for a cost of £500*. This cost will be invoiced to you by way of your trade account.



PARTNER SUPPORT

CODE OF PRACTICE - VERSION 6

- Following this assessment, If you need further financial support from Punch Taverns, the method of support, any agreed action plan and a timescale for that support will be discussed with you by your PDM.
- Once this is agreed he/she will seek approval from the company.
- You will receive verbal confirmation within five working days advising of whether your financial support package and joint action plan have been approved or not.
- If approved you will receive written confirmation of approval within 10 working days.
- You will need to sign a copy of this confirmation letter and return it to us to register your agreement with your proposed support package.
- On receiving your signed copy, we will instigate your agreed support package.
- A support package of this nature is temporary and will be regularly reviewed by you and your PDM in order to assess its effectiveness and an appropriate time for withdrawal.

BUSINESS RATING SERVICE

- Punch Taverns provides a rates service for all Partners with the aim of keeping business rates for our Partners as low as possible.
- As part of your agreement, you pay £50 per annum, fixed for five years, for the Punch Taverns' business rates service.
- To access this service, call the Contact Centre on 01283 502222 for details of the Rating Surveyor who is aligned to your area of the country.
- As part of this service the rating surveyor will:
 - a. Investigate the latest rating assessment of your pub and lodge an appeal on your behalf where appropriate
 - b. Inspect your pub and discuss with you the trading information required to fight the appeal
 - c. Value your pub for rating purposes and negotiate a reduction if the assessment is too high
 - d. Inform you of the outcome of the negotiations and any savings made
 - e. Provide advice on all rating matters including Transitional Relief and special schemes for small businesses and rural pubs
 - f. Make further appeals where appropriate following any physical changes in the locality.
- To make an assessment as to whether an appeal would be successful you will need to provide all available trading information and authorise the rating surveyor to progress an appeal on your behalf where appropriate.
- This will be done in the strictest of confidence and details will not be passed on to Punch in any circumstances.

* We reserve the right to amend this cost.



SURRENDERING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

our promise...

To allow you the flexibility to negotiate the early termination of your agreement.

HOW IT WORKS

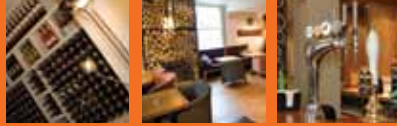
IF YOU HAVE SIGNED A PUNCH FOUNDATION TENANCY

Cooling Off Period - 208 Days

- Under your agreement, you can end the agreement within the first 208 days by serving us notice of 28 days not later than the 180th day. This is commonly known as a "cooling off" period. Should you be entering into your agreement on the condition of a large-scale investment spend with us, we will negotiate with you to remove this "cooling off" period.
- Should you end your agreement by exercising notice as part of your "cooling off" period;
 - a. You will not be charged a surrender penalty
 - b. You will not be charged for dilapidations. However, if the property has been damaged during your tenure, you will be required to repair that damage or you will be charged for that relevant repair
 - c. We will purchase your fixtures and fittings for the amount you paid providing all of the inventory is still intact and in working order
 - d. Your deposit will be returned in full, minus any amounts outstanding on your account.

After the "Cooling Off" Period

- After 208 days of your tenancy you can serve us a notice of six months. If you have a historical tenancy, please consult your individual agreement for the length of your notice period.
- Should you wish to exercise this notice period, please notify us in writing confirming your intention to end your agreement. Your notice should be sent for the attention of your PDM, by recorded delivery to our head office address (details found in the "Useful Contact Numbers".
- We will acknowledge your request and confirm the final date of your agreement and any liabilities.
- You will need to have complied with the obligations of your agreement in relation to:
 - a. Repairs - determined by the completion of a dilapidation survey. The cost of this survey is re-charged to you
 - b. Debt - settle any outstanding balance on your account.
- Your deposit will be repaid to you by crediting your account minus any amounts outstanding.
- We will agree with you the value of any fixtures and fittings (F&F) that you own and that sum will be repaid to you by crediting your account. This valuation will be carried out by an independent valuer from our nominated list at your cost. If you do not agree with this valuation you can ask for another using a valuer on our approved list, again at your cost. If we cannot reach agreement on the F&F sum then those items will be independently valued at joint cost and the decision of that valuer will bind both you and Punch Taverns.
- Should a new partner be found during this notice period we may, with agreement from all parties, agree to release you from your contract early.



SURRENDERING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

IF YOU HAVE SIGNED A PUNCH PARTNERSHIP LEASE

Cooling Off Period - 208 Days

- Under your agreement, you can end the agreement within the first 208 days by serving us notice of 28 days not later than the 180th day. This is commonly known as a “cooling off” period. Should you be entering into your agreement on the condition of a large-scale investment spend with us, we will negotiate with you to remove this “cooling off” period.
- Should you end your agreement by exercising notice as part of your “cooling off” period;
 - a. You will not be charged a surrender penalty
 - b. You will not be charged for dilapidations. However, if the property has been damaged during your tenure, you will be required to repair that damage or you will be charged for that relevant repair
 - c. We will purchase your fixtures and fittings at the value you paid providing all of the inventory is still intact and in working order
 - d. Your deposit will be returned in full minus any amounts outstanding on your account.
- Should you wish to exercise this notice period, please notify us in writing confirming your intention to end your agreement. Your notice should be sent for the attention of your PDM, by recorded delivery to our head office address (details found in the “Useful Contact Numbers”).

After the “Cooling Off” Period

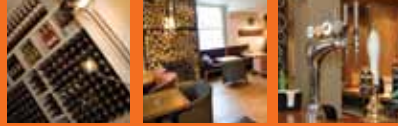
- After this, you do not have an automatic right to surrender your agreement and you are exposed to continuing liability under the terms of your contract.

Signing a lease contract for a pub is a serious undertaking offering you the opportunity to create value in your business, but also exposing you to long-term liabilities under the terms of the contract and must not be undertaken without taking professional advice.

We recognise that there can be circumstances for Partners (lessees and tenants) where you will want to terminate your agreement. We will work with you to negotiate how this can be achieved on terms that protect the commercial interests of Punch Taverns.

- Should you find yourself in such circumstances you should contact your PDM to discuss your concerns and intentions.
- Your PDM will arrange a meeting to set out the options for negotiation as listed below;
 - a. Seek to assign your lease to a replacement partner on the same terms (for details see the “Selling your Agreement” section)
 - b. If your agreement has a notice provision, then exercise this clause
 - c. Surrender your pub to us on an agreed timetable to allow us to recruit a replacement Partner on new terms acceptable to Punch
 - d. In any of the above cases, you will be required to settle your outstanding liabilities under the contract with regard to:
 - I. Repairs determined by the completion of a dilapidation survey. The cost of this survey is re-charged to you (please see “Repairing Liabilities” for more details)
 - II. Outstanding debt on your account
 - e. Your deposit will be repaid to you by crediting your account minus any amounts outstanding.
- We will agree with you the value of any fixtures and fittings (F&F) that you own and that sum will be repaid to you by crediting your account. This valuation will be carried out by an independent valuer from our nominated list at your cost. If you do not agree with this valuation you can ask for another using a valuer on our approved list, again at your cost. If we cannot reach agreement on the F&F sum then those items will be independently valued at joint cost and the decision of that valuer will bind both you and us.
- If we have both agreed a surrender then fees will also be charged on the following basis:
 - I. A minimum of three months’ rent if you surrender your agreement and a replacement Partner has been recruited on new substantive terms and there is no break in letting status to Punch*
 - II. A minimum of six months’ rent if you surrender your agreement and no substantive replacement has been found, causing a break in letting status. In these circumstances, the value of the F&F will be retained by Punch Taverns and only released to you once a new Partner has been found to buy the F&F in its entirety.*

*We reserve the right to amend these surrender fees



BREACH OF CONTRACT

CODE OF PRACTICE - VERSION 6

our promise...

To enforce our legal rights fairly, transparently and in full compliance with UK law where a breach of contract has occurred.

HOW IT WORKS

- A breach of contract is typically in one of the following areas:
 - a. Non payment of rent
 - b. Persistent purchasing of tied products from a source other than Punch. (See section entitled "Tie Compliance and Dispense Monitoring.")
 - c. Failure to comply with repair obligations (see section entitled "Repairing Liabilities")
 - d. Physical alterations completed without our consent>
 - e. Actions which put the premises licence at risk.
- Please consult your individual agreement for full details of what constitutes a breach of contract.
- In the event of a breach of contract, we reserve the right to begin proceedings for forfeiture of the agreement and re-possession of the pub.
- In this event, we will apply to the Courts for a hearing date in respect of gaining re-possession of the property. This hearing date will normally be listed within four to eight weeks of the application.
- At this hearing you will be able to put forward your views as to why a re-possession should not go ahead.
- Should a possession order be granted, the Court may award a period of time (e.g. 28 days) to allow outstanding arrears to be paid or obligations to be fulfilled, thereby avoiding re-possession.
- If the date for possession passes and if you are still in situ, we will issue a warrant for possession to the County Court bailiff for eviction.
- The bailiff will then attend site, fulfil the warrant and evict you from the property.

CONSENT ORDER WITH RE-PAYMENT PLAN

- If you have accrued a debt with us, we may agree to enter into a "Consent Order" with you.
- A Consent Order is used to formally agree a settlement between you and us, which will then be approved and sealed by a Court with a suspended possession order attached. This means that if you default on your payment plan we can activate this order and re-possess your pub
- If we wish to enter into a Consent Order we will send you a letter requiring repayment of debts within seven days, failing which we will apply to Court for a possession order.
- An agent acting on behalf of Punch Taverns will contact you to negotiate a repayment plan following the sending of this letter.
- If we are unable to negotiate a repayment plan, we will instigate possession proceedings.
- If it has been possible to negotiate a payment plan we will draft a Consent Order and send it to you for signature.



BREACH OF CONTRACT

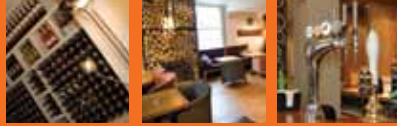
CODE OF PRACTICE - VERSION 6

- The costs associated with the production of the Consent Order will be re-charged to you. The usual cost is £840 but this will increase if the repayment plan is agreed less than 14 days before the hearing.
- If this repayment plan is breached, then we will apply to the Court bailiff to activate the possession order to evict you from the property.

ABANDONMENT

If at any point during your agreement you exit your Pub permanently without the express agreement and consent of Punch Taverns, this will be classed as abandonment of the property and a breach of your contract. In these circumstances you will not be refunded for the value of any deposits, fixtures and fittings or credits on your trading account and we reserve the right to pursue you for the continuing liabilities of your agreement.





CHANGE OF LANDLORD

CODE OF PRACTICE - VERSION 6

our promise...

To act fairly, providing all the information you require, should we sell our interest in your pub.

HOW IT WORKS

- In the same way that a Partner can sell a lease agreement to another party, Punch Taverns can also sell the freehold of a pub.
- This may be based on a group sale (where more than one pub is sold to one particular individual or company) or may be the sale of a single property.
- In either case;
 - a. If you hold a lease agreement you will have security of tenure. This means that the Landlord and Tenant Act (part II 1954) protects your agreement and that when the expiry date of the lease is passed the lease does not end but is continued by operation of the law.
 - b. If you hold a tenancy agreement your relevant notice period will apply.
- ***The commitments of the Industry Framework Code will transfer with this sale.***
- Should an upward only rent review provision still exist in your agreement, it will be completely removed as part of the sale by way of a deed of variation. The deed will be prepared at our cost and submitted to your solicitor for consideration.
- Where we hold a deposit, we will transfer that deposit to the purchaser of the property. The deposit will be subject to the terms of your individual agreement.
- Your range of products may be subject to change based on the supply contracts held by the purchaser.
- Where you are purchasing fixtures and fittings (F&F) from Punch Taverns over a period of time by way of a legal contract, this agreement will transfer to the new landlord.

IF YOU HOLD A LONG TERM LEASE AGREEMENT

- Where the purchaser of the pub is unable to supply some or all tied product (by product category and not by individual brand) , then your agreement may be subject to a rent review and you will be released from the relevant tie obligations.
- Should the purchaser wish to continue with the supply of tied product then your tie obligations will remain.
- The purchaser may wish to tie products that you are currently not obligated to purchase from the landlord. If such a change is permitted by our agreement with you then, in this case, you may be entitled to a rent review reflecting this change in status.
- If the purchaser wishes to change your discount scheme and is permitted to do so through our agreement with you then you are entitled to a rent review.

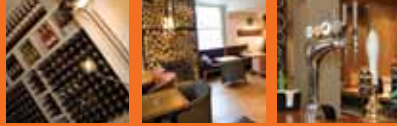
IF YOU HOLD A TENANCY AGREEMENT

- The purchaser can remove any discount scheme and tie you for additional products without you being entitled to a rent review.
- You retain your right to terminate your agreement by giving notice.

RESTRICTIVE COVENANTS

- ***When selling one of our properties, we do not ask for, or require, any restrictive covenants or clauses that would prevent the building being operated as a pub after the sale.***

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SELLING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

our promise...

To provide a clear process to help you sell your pub business successfully.

HOW IT WORKS

If you wish to sell your pub business: (If you hold an assignable lease agreement)

- Please contact your PDM who will put you in touch with our Transfer Team.
- Within five working days, the Transfer Team will send you, or your nominated advisor, our transfer pack setting out exactly what is involved, what you need to do and the costs involved.
- Once you have decided you want to go ahead with the transfer, you need to send us the "Intention to Transfer" form, along with your payment for the administrative and survey fees.
- At this point, you can now begin to market and advertise your pub.
- Within five working days of receiving the transfer form, we will ask a surveyor to carry out an inspection of your premises and to report on any repairs you need to complete before the sale takes place. This will be called a dilapidations survey. You are responsible for the cost of this survey.
- ***If you have been provided with a schedule of condition at the beginning of your agreement, the dilapidations survey will be based on this schedule and you will be required to complete any works to ensure the property is returned and maintained to this documented and agreed standard.***
- If you hold a historical lease agreement, this survey will be based on the principle of "put and keep" This means that through your agreement you will have been required:
 - a. To **put** the property into good condition as jointly agreed
 - b. To **keep** the property in good condition as jointly agreed
- Please see the "Repairing Liabilities" section for full details of obligations regarding maintenance and upkeep and what can be expected at both the start and end of your agreement.
- Within four weeks of the completion of the survey, a copy of the report will be sent to you. You will need to complete any repairs and decorations as quickly as possible to avoid delaying the sale.
- Should you disagree with this survey you may obtain, at your own cost, your own inspection. A company or individual accredited by the Royal Institution of Chartered Surveyors should complete this.
- In this instance, we will then allow the surveyors for both parties to produce a revised report, and agree to be bound by this.
- If the surveyors are unable to agree, then the professional body governing the practice will be utilised to arbitrate.
- Our Settlement Team will make sure your account payments are up to date and advise you accordingly.
- ***Once an appropriate buyer has been found, you must provide them with the following information:***
 - a. ***Full details of the lease terms and conditions, rent and years left on your agreement.***
 - b. ***Financial information including three years' accounts where applicable (where this information is not available the reason must be disclosed).***
- ***You also need to ensure :***
 - a. ***That your buyer has complied with pre-entry training (see the section "Letting our Pubs" for full details of pre-entry training requirements).***
 - b. ***That your buyer will provide a business plan having taken professional advice. (please see the "Letting our Pubs" section for further detail).***



SELLING YOUR AGREEMENT

CODE OF PRACTICE - VERSION 6

- Once an appropriate buyer has been found, please notify your PDM who will guide them through our recruitment process.
- In certain circumstances, we may exercise our right to refuse the sale of your lease to a person if we feel they are unsuitable for the future of the pub. The grounds for this refusal could include:
 - a. Lack of a personal licence or suitable DPS
 - b. Insufficient funding or excessive borrowing
 - c. Unachievable business plan
 - d. Lack of professional advice
 - e. Lack of accredited training
 - f. Poor credit history
 - g. Criminal record.
- You should refer to your agreement for specific details.
- Any new partner with Punch Taverns must comply with all pre-entry requirements including pre-entry training and the requirement for professional advice in the production of a business plan. Please see section "Letting our Pubs" for full details.
- Any new Partner should also take advice regarding the operating of a statutory compliant business and any associated costs including transfer of undertakings and TUPE, registering for VAT, Machine Gaming Duty, PPL and PRS.
- If pre-entry requirements have not been complied with we will not provide our permissions for the sale to proceed. However, we will not unreasonably withhold sale.
- Punch Taverns will provide the following information to your buyer:
 - a. Trading history usually in the form of barrelage details
 - b. Current and appropriate price lists
 - c. Premises licence overview including any restrictions on the use of the premises
 - d. Any enforcement action that we know has been taken in the last two years
 - e. Discussion of developments of company outlets, and any material changes we know of in the locality
 - f. Repair liabilities and liability for meeting the cost of associated insurances, legal fees and rating fees
 - g. Information with regard to supply of amusement machines.
- ***We strongly recommend that your buyer carries out his or her own survey in order to understand the repair liability they are taking on. They must also hold a personal licence or propose a suitable Designated Premises Supervisor (DPS) to act on their behalf.***
- Legal agreements including a Landlords' License to Assign will document the final transfer.

AUTHORISED GUARANTEE AGREEMENT

- Under the Landlord and Tenant (Covenants) Act 1995, in selling your lease you will be required to enter into an Authorised Guarantee Agreement (AGA). By signing the AGA you provide a guarantee for your buyer. This guarantee can only last for as long as the lease is held by the person/company you sold to.
- This means that should your buyer default on the agreement they have bought from you, you still have a legal obligation to comply with the terms of the lease on their behalf and this could include re-occupying the pub or payment of outstanding rental amounts.
- If you wish to remove this liability you can pay a fee of £3,000 + VAT or 5% of the premium paid for the transfer + VAT, whichever is the greater amount, to release you from this ongoing liability. (Please note that this does not apply to Scotland.)
- This is a complex area of law and you are advised to take legal advice before proceeding.



QUERIES, COMPLAINTS AND DISPUTE RESOLUTION

CODE OF PRACTICE - VERSION 6

our promise...

To provide a clear process for you to raise any queries or complaints you may have in your dealings with Punch, resolving those queries promptly and to your satisfaction, and taking remedial action regarding complaints where we are at fault.

HOW IT WORKS

QUERIES AND INFORMATION REQUESTS

- Call the Contact Centre on 01283 502222 selecting the most appropriate option for your query or email contactcentre@punchtaverns.com.
- Please be ready to provide details of your pub and the nature of your enquiry.
- The Contact Centre will log your query and provide you with a unique reference number. They will explain the next steps of the process, and give you an estimated time for resolution.
- It may then be necessary to pass your query to one of our support departments who are more specialised in dealing with your particular issue.
- If this is the case, then upon receipt of your enquiry an individual from the relevant department will contact you to acknowledge your issue and manage this through to resolution.

COMPLAINTS – INITIAL FIRST RESPONSE

- Email enquiries@punchtaverns.com with your name, pub name and the details of your complaint.

Alternatively you can;

- Call the Contact Centre on 01283 502222. They will take the details of your complaint and advise of a timescale for response.
- The Contact Centre will acknowledge receipt of your complaint and then raise the full detail of that complaint with the relevant department or individual, setting a timescale for resolution, which they will confirm with you. This timescale will vary based on the nature of your complaint but will be no longer than five working days.
- Within the agreed timescale, we will provide you with a response to your complaint.

COMPLAINTS - ESCALATION

- If you feel that your complaint has not been resolved to your satisfaction, or is of a significantly serious nature, you may wish to contact a member of our management board (eg Chief Executive, Operations Director). This can be done either by email to;

enquiries@punchtaverns.com

Or by letter to;

Punch Taverns,
Jubilee House,
2nd Avenue
Burton on Trent
DE14 2WF



QUERIES, COMPLAINTS AND DISPUTE RESOLUTION

CODE OF PRACTICE - VERSION 6

- Partner complaints to a member of our Management Board will be dealt with within 15 working days of receipt of your correspondence. Should the circumstances require a longer investigation will set a new timescale and inform you of it.
- *In the event that you still remain dissatisfied with our response, you may elect to refer the matter for independent review by Pub Independent Conciliation & Arbitration (PICA) Service who will investigate disputes relating to compliance with this Code of Practice, the Industry Framework Code (IFC) and our practices.*
- You can also refer to independent arbitration as laid out in your individual agreement.
- *If you have raised a complaint with a member of our Management Board and have not received a response within our timescales, or your complaint does not receive a response or acknowledgement you can refer your complaint directly to the PICA service.*
- *If you feel that we as a company have breached the terms of the Industry Framework Code (IFC) then you can also take your complaint directly to the Courts for legal resolution. (Please see section "Legal Status of the Industry Framework Code".)*
- *Where your complaint relates to your rent review and you remain disappointed with the response from our senior management you have the option to refer to an independent expert through PIRRS or similar arbitration to decide what the rent should be. For full details, please refer to the section "Agreeing your Rent Review." and Appendix 10.*
- In all cases we welcome open and honest communication and our representatives (PDM, ROD's, Contact Centre etc) will discuss any concerns and issues, providing a full investigation and response to those concerns in a professional and transparent manner.
- We will not, however, tolerate aggressive or abusive behaviour towards any of our employees or representatives and reserve the right to terminate any telephone call, pub visit or meeting that deteriorates to an unacceptable level.

PUB INDEPENDENT CONCILIATION & ARBITRATION SERVICE (PICAS)

- *Punch Taverns are fully committed to the PICA service and agree to be bound by the ruling of any case referred to this process.*
- *The PICA service provides an independent service, available at low cost to tenants and lessees, where disputes may be referred either after pursuing remedies through the Company, with or without the assistance of the BII or FLVA, or directly where the Company has not provided a remedy satisfactory to that tenant or lessee.*
- *In order to progress a complaint to the PICA service you must have first addressed a written complaint through our management board as detailed above.*
- *You have the right to elect for a referral to the PICA service scheme and we agree to be bound by the decision of the independent arbitrator delivered through PICAS.*
- *This does not remove your right to arbitration as described in your original agreement.*
- Please see Appendix 10 for contact details for PICAS.



APPENDIX 1 – BUSINESS PLAN GUIDANCE

CODE OF PRACTICE - VERSION 6

When putting together your business plan, you should consider some, if not all of the following elements in order to give yourself a detailed plan of your actions in the business. A business plan is not just an entry point into your pub but a working document for review throughout the life of your pub business.

Taking on a pub is a serious decision. It is important that you have thought hard about why you want to take such a step and have planned exactly what you will need to do to ensure your venture will be a success. Only then can you judge whether you are likely to be able to achieve the income and rewards that you desire.

AIMS OF A BUSINESS PLAN

Consider all aspects of the business.
Decide the best course of action to take things forward.
Have a clear understanding of the pub and how you can make it work.

THE SITE

Produce a description of the pub, its facilities, and trading history. Also, talk about the immediate area surrounding the pub, focusing on possible sources of customers.

- Are any areas suitable for alternative use or redevelopment?
- Describe the existing building - shape, facilities & condition.
- Include the exterior and outside areas.
- What is the immediate area like? Residential, businesses, shops, roads, etc.

DEMOGRAPHICS

Describe what sort of people live, work, or visit the area. Mention things such as age, occupation, wealth, housing, etc. This helps to build a picture and confirm that the people you intend to attract are around.

- Have you driven or walked around the area, talked to potential customers, competitors and local businesses?
- The people who live nearby - how wealthy or poor are they. Are they old or young? Do they have families - old or young? What sort of houses do they live in? What condition is the housing in? How many people own a car? What do they do as jobs - work in an office, have a skilled trade, manual workers, unemployed? Do students live in the area?
- Who comes into the area – why and when? Shoppers during the day? Office workers? Young people at night?
- Think about which people will be your 'target market'.

DEVELOPMENTS

Are there are developments in the area that may influence trade.

- Ask around, speak to the council and find out what is happening in the area. Look in the local paper for licensing or planning applications.
- Is the area doing well or is it in decline? Are shops opening or closing? Are houses selling? Is new housing being built?
- What specific future events might impact on trade - good or bad? e.g. the building of a shopping centre or the closure of a factory.



APPENDIX 1 – BUSINESS PLAN GUIDANCE

CODE OF PRACTICE - VERSION 6

LOCAL MARKET

Show an understanding of where people drink, eat and also take part in other leisure activities (cinemas, retail parks). Look specifically at the competition and why people chose to go to these places. If there is a “circuit” describe it - both for day and night trade.

- Have you visited and talked to local competitors?
- Where are these venues in relation to your pub? Could/does it fit into the circuit?
- How successful is the competition? Why are they successful - what do they offer customers? Describe the major competitors.
- Is there anything missing from the circuit that people might look for?

CUSTOMER PROFILE

What is your target market and how do they intend to attract and keep them? Can you break this down by day, by session?

- Existing - Who are your existing customers? Why do they use your pub?
- Potential - Are there customers you could move from your competitors, or are not catered for in the area?
- Target - What should your target market be to increase and maximise your trade and profit?

THE OFFER

Describe what you intend to offer in order to attract custom. Make specific mention of drink, food, music, entertainment, promotions, games, etc. Show reasons why the people that you want to attract would want to come to your pub. What is the unique selling point of the pub?

How do you intend to market the offer?

- General - What sort of pub is it going to be? How will it differ during the course of the day?
- Drink - Is business going to be driven by cask ales, standard draught lagers, premium draught lagers, bottled beers, spirits, wine? What will make your wet offer stand out from your competitors?
- Food - What sort of food is going to be on offer? How big will the menu be? Give some sample menu items. What will the price of the meals be? How will the food offer change during the day? What will make your food offer stand out from your competitors? Attach any draft menus.
- Music - How will music be provided? What sort of music will it be? How will it change throughout the day?
- Entertainment/promotions/games/etc - Will entertainment play a part in your offer? What sort of entertainment? What else - pub games, quizzes, charity nights, promotions, etc? How much additional income would you expect to generate from entertainment activities? Can you produce a detailed activity plan for the year, broken down by period, and then broken down again by event?
- Other - Describe any other key parts of the offer.
- Marketing - How will you tell people about what is on offer? Adverts, flyers, radio, A-boards, direct mail, Website, Facebook, Twitter etc?
- Responsible Retailing - As a licensee you will need to adhere to Government legislation covering areas such as licensing, smoking, disability discrimination, health and safety and gambling. How will you ensure that your customers are served responsibly?



APPENDIX 1 – BUSINESS PLAN GUIDANCE

CODE OF PRACTICE - VERSION 6

FINANCES

- Profit and loss projection - for the first 12 months
- Cash flow forecast for the first 12 months. Potentially to include staff holiday pay and estimation of sickness in to staff costs & the cost to cover your own holiday. Remember to allocate VAT costs. Think about producing a staff rota that matches the takings per day and time slots.

SWOT ANALYSIS

- A detailed SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of the pub, the market, the surrounding area and your own strengths and weaknesses.



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APPENDIX 2 – BREACH OF TIE - DAMAGES CALCULATION

CODE OF PRACTICE - VERSION 6

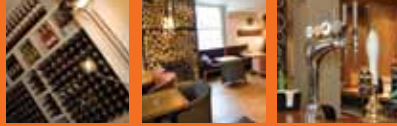
BREACH OF TIE DAMAGES ARE CALCULATED IN THE FOLLOWING WAY;

<p>Average Margin per Barrel Multiplied by Agreed estimate of number of barrels bought outside of tie + Legal Administration Fee of £225</p>

- Average Margin per Brl is the loss of income to Punch Taverns calculated according to the pricing in place as part of your contract.
- A barrel represents 36 gallons.



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APPENDIX 3 – FLOW MONITORING: FURTHER INFORMATION

CODE OF PRACTICE - VERSION 6

■ What is dispense monitoring?

To measure volume dispense of beer a flow meter attached to a central logger is installed in each of the beer lines. The flow meters will record all the volume that passes through them. This data is held in one hour timeslots.

■ The Calibration Process

Each flow meter is individually calibrated once installed. The calibration setting is undertaken on product dispensed in the same way as beer is dispensed in the line. To measure the volume of liquid used when setting the calibration figure, an independently calibrated flask and a recognized de-foaming agent are used to accurately measure liquid volumes against the meter pulse counts when setting the calibration value. The calibration process requires a trained engineer on site taking the measured volumes alongside a trained calibrator from the head office dialled into the site to record the pulse readings. Neither can affect the results of the other.

■ Identifying Line Cleaning Volumes

The standard dispense meter does not differentiate between liquid types, therefore it will measure all liquid dispensed through it. Part of the data audit process is to identify and remove from the beer volumes all the liquid volumes that could be water or cleaning agent. The audit process has been designed to take a prudent view of the beer dispense volumes, therefore whenever line cleaning is suspected all the liquid volumes are taken out of the beer volume for each hour when potential line cleaning is identified. This means the volume removed will include water volumes, line cleaner volumes and beer volumes.

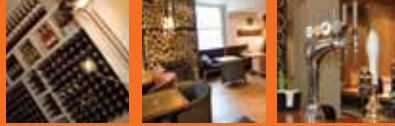
- a. To detect line cleaning on keg lines, a flow meter is installed on the water ring main, if this meter detects volume flow the first presumption is that all beer meters showing volumes dispensed will be line cleaning
- b. In addition to the water ring main dispense, the audit process highlights and investigates volumes dispensed on all beer lines out of normal trading hours. Anything considered as potentially cleaning is removed
- c. The audit process will also highlight all cask beer volumes (where the ring main is unlikely to be used) over a certain volume in trading hours, these are individually compared to other trading lines and a view is taken on whether they could be line cleaning. If it is assumed they could be line cleaning volumes they are removed
- d. Finally in the review process the auditor (The same person audits the same sites each week so will be accustomed to the site cleaning patterns) will review every site every day to ensure no potential cleaning volumes have been missed
- e. Brulines displays when it detects and has adjusted for line cleaning on its web site. If a partner believes that line cleaning has been missed they can check against this site. If the missed line cleaning is reported to Brulines, the beer flow data will be investigated and if necessary corrected.

No data is deleted on the dispense database. The dispense data either recorded as beer or water is maintained to ensure a complete audit trail. All data is always held and can be reinstated if any later investigation is deemed necessary.

■ Using dispense data to establish charges or damages

The data from the dispense monitoring equipment whilst significant is only one element of the information required to establish a potential breach of the tie. Other elements of the process will also include the following;

- a. Product order history
- b. Cellar Inspections
- c. Stock count
- d. Best Before and racking dates not tying up with stock ordering patterns
- e. Identification of foreign product (Keg beers and bottled products)
- f. Flow meter bypasses
- g. Unauthorised dispense equipment
- h. A discussion of the various elements with the partner.



APPENDIX 3 – FLOW MONITORING: FURTHER INFORMATION

CODE OF PRACTICE - VERSION 6

■ Confirming a negative variance

Whenever a negative variance is identified that could lead to a potential claim, a check of the system and its calibration values will be undertaken should you request it.

- a. In the event the calibration check shows the value is out of the tolerance range and dispense volumes have been over-stated the negative variance is adjusted to the lower value
- b. In the event the calibration check shows the value is out of the tolerance range and dispense volumes have been under-stated the negative variance is maintained at the previous lower value
- c. A negative variance once established will always be discussed with the partner before any further action is taken.

■ Cask Lines

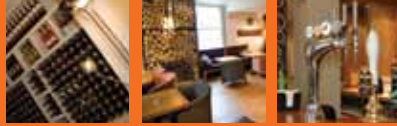
Due to the minor uncertainties in cask beer measurement, the nature of the product, the manual method of dispense and the practise of flushing the lines between barrel changes, the data used in a cask negative variance analysis will always be carefully considered and Punch Taverns will always take a prudent view on any negative variance that relates to cask dispense.

■ Transparency of the data

To ensure transparency the data is available on a secure website to which access can be provided to a Partner. This data is updated each week with the latest week's data.

For a small fee the system can be set up to provide the data on daily or even hourly basis if this is required by a Partner.





APPENDIX 4 – THE FLVA GREEN PAPER

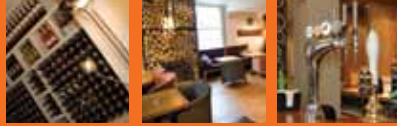
CODE OF PRACTICE - VERSION 6

SOME IMPORTANT POINTS TO CONSIDER WHEN TAKING OVER OR LEAVING A PUBLIC HOUSE

- Ensure you visit every part of the building before taking over.
- Signing a Tenancy at Will gives no security - seek advice before signing and making any investment.
- Engage a solicitor conversant with licensed property leases.
- Get a structural survey if you are responsible for the repairs.
- Obtain a copy of the full Premises Licence (not just the summary) and carefully note details of all conditions imposed and trading hours.
- Obtain a copy of the Premises Licence plan and check the areas for the sale of alcohol and provision of regulated entertainment. Pay particular attention to any outdoor areas.
- Carry out due diligence exercise by speaking to the Police, Environmental Health Officer and other appropriate responsible Authorities to establish if there are any current issues.
- Check if there is a Highways Act Licence in place for outside tables and chairs.
- Copy of lease and next rent review date.
- Details of designated premises supervisor in situ.
- Engage a qualified accountant.
- Engage a qualified stocktaker.
- Draw up a business plan with relevant information – see below.
- Details of staff responsibilities – see over under TUPE.
- Details of any possible outstanding claim against the business.
- Details of any equipment on hire purchase/rental agreement.
- Ensure you have full and correct insurance cover for the business.
- Apply for Gaming Licences/Permits.
- Apply for PRS and PPL licences and Sky TV if appropriate.
- Notification of changed address to licensing authority where you received your personal licence.

ENSURE YOU RECEIVE COPIES OF

- If new agreement details of how rent was to be achieved.
- The last three years accounts.
- Last three years barrelage details of beer, cider and FABs.
- Last three years volume details of wines, spirits and minerals.
- Last three years income from other sources ie food, machines and lettings.
- Dilapidation report (if and when any outstanding work is to be completed).
- Health and safety risk assessment policy.
- Fire risk assessment.
- Disability discrimination audit.
- Asbestos survey.
- Portable electric appliances test certificate.
- Five year full electrical report.
- Gas safety certificate.
- Energy performance certificate.
- Service records of: Fire extinguishers Outside play equipment
 Security system Tills and all other equipment used in the business.
- Complete inventory schedule (i.e. items to be left on the premises).



APPENDIX 4 – THE FLVA GREEN PAPER

CODE OF PRACTICE - VERSION 6

TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYMENT) REGULATIONS 2006

The above Regulations came into force in April 2006 and place more responsibility on both the transferor and the transferee. At least a fortnight before a transfer of a business takes place the transferor (present employer) must pass on certain information in writing to the transferee (new employer). It is important therefore you collect the following information and arrange to meet and consult with all staff before taking over or leaving the premises. Failure to do so will be costly.

- All employees terms and conditions:
 - a. Employees name, address and date of birth.
 - b. Details of when employment commenced.
 - c. Details of service with previous employers which count.
 - d. Any break in employment.
 - e. Job title and duties.
 - f. Rate of pay.
 - g. Pay intervals (hourly, weekly, monthly etc).
 - h. Breakdown of hours of work.
 - i. Any outstanding holiday entitlement.
 - j. Details of holiday entitlement and when holiday year commences.
 - k. Sickness scheme.
 - l. Details of any pension scheme in operation.
- Any grievance and disciplinary action that has taken place over the past two years.
- Any court or tribunal cases from the last two years or any possible outstanding case the transferor might consider could be brought.
- Any collective agreement that will have effect after the transfer (this might be in place when a managed house transfers to leased).
- A transferor or transferee will be held jointly responsible for the failure to consult with employees representatives, Trade Union officials or if non available then all staff.

A decision by an appeal tribunal ruled that the maximum award should be thirteen weeks pay for failure to consult with employees in a transfer.

If the required information is not made available two weeks before the change over the in-going licensee can take the out-going one to a tribunal. Beware, the award is a minimum of £500 per employee.

It is also important you receive details of any staff training achievements.

UTILITIES (GAS AND ELECTRICITY)

When there is a change over at a premise the in-going business person does not have to inherit the agreements with the previous owner. If you are a member of the FLVA please seek advice from the office.

RATING

There are a number of companies who will mislead you with false promises of what they may save you. Alas, you may find out like many other businesses in the past that you have been misled. The FLVA has a list for members of companies who specialise in rating for the licensed trade. You may not receive the same offers but it will definitely cost you less in the end.

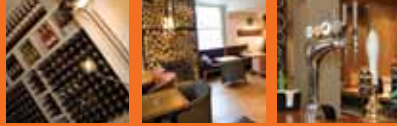
The above is just a brief guideline, please ring the office for advice if you intend to leave your premises, downsize or take over another public house.

ISSUED BY:

THE FEDERATION OF LICENSED VICTUALLERS ASSOCIATIONS

126 Bradford Road, Brighouse, West Yorkshire HD6 4AU

Tel 01484 710534 - Fax 01484 718647 - Email: admin@flva.co.uk - www.flva.co.uk



APPENDIX 5 – PUNCH FOUNDATION TENANCY REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

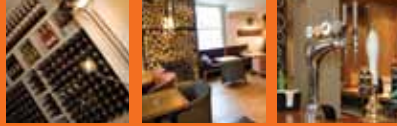
WHO DOES WHAT?

This document gives you guidance on who is responsible for the repair and maintenance of the property let to you under the terms of your current tenancy agreement.

The list which follows is not meant to be an exhaustive list of all that needs to be repaired and maintained at the property. There may be other items at the property which require maintenance or repair.

Items marked with an asterisk * are paid for by you through the service rent.

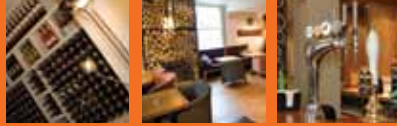
		Punch's responsibility	Partner's responsibility
A	Air-conditioning		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification*	■	
	Audio equipment		■
B	Bar counters, back fittings and overbars, footrails and leaning rails		
	• Repairs (and renewal where repair is uneconomic)		■
	• Renewal of cracked and broken glass, mirrors etc		■
	• Repolishing/redecorating		■
	Beams		
	• Decorative beams		■
	• Structural beams	■	
	Blinds		■
	Boilers (see heating systems)		
	Built in cupboards and wardrobes		■
Burglar alarms		■	
C	Car parks		
	• Cleaning		■
	• Repair	■	
	Carpets and carpet tiles		
	• Cleaning		■
	• Repair (and renewal where repair is uneconomic)		■
	Catering equipment		■
	Cellar cooling equipment		
	• Repairs (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification*	■	
	Cellar access - provision of safety ropes		■
	Cellar curtains		■
	Cellar flaps		
	• Repair (and renewal where repair is uneconomic)		■



APPENDIX 5 – PUNCH FOUNDATION TENANCY REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

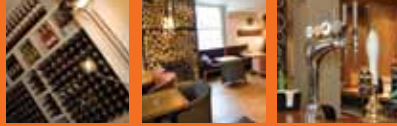
		Punch's responsibility	Partner's responsibility
C	Cellar pumps		■
	Cellar skids		
	• Repair (and renewal where repair is uneconomic)		■
	Cellar walls	■	
	Ceilings		
	• Decoration		■
	• Repair (and renewal where repair is uneconomic)		■
	Chimneys		
	• Cleaning/sweeping		■
	• Repair	■	
Cold water mains		■	
Curtains and drapery		■	
D	Damp proofing	■	
	Dance floors - fixed and portable		■
	Display cabinets		■
	Ditches and dykes		
	• Clearing and keeping tidy		■
	• Repair	■	
	Doors (including fire doors)		
	• Decoration		■
	• Door closers and floor springs		■
	• Easing and adjusting		■
	• Locks and furniture		■
	• Repair (and renewal where repair is uneconomic)		■
	Door bells		■
	Drains		
	• Clearing blockages		■
• Repair	■		
E	Electric fires		
	• Built-in - repair (and renewal where repair is uneconomic)		■
	• Built-in - servicing, statutory testing and certification*	■	
	• Portable - repair (and renewal where repair is uneconomic)		■
	• Portable - servicing, statutory testing and certification*		■
	Electric light fittings		■
Electric light fittings - emergency		■	



APPENDIX 5 – PUNCH FOUNDATION TENANCY REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

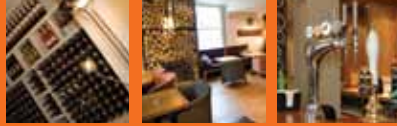
		Punch's responsibility	Partner's responsibility
E	Electrical wiring		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification*	■	
	Exterior gates, walls and fences	■	
	External walls - decoration and repair	■	
F	Fans - decorative ceiling fans		■
	Fans - free standing		■
	Fans - kitchen extractor fans - repair, maintenance and cleaning		■
	Fire alarms		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification*	■	
	Fire backs and surrounds		■
	Fire escapes	■	
	Fire fighting equipment		
	• Renewal		■
	• Servicing, statutory testing and certification		■
	Fixed décor features		■
	Floodlighting	■	
	Floorboards and coverings		■
	Foot rails (see bar counters)		
	Foundations	■	
Furniture		■	
G	Gardens		
	• Cleaning		■
	• Maintenance		■
	Gas fires		
	• Built-in - repair (and renewal where repair is uneconomic)		■
	• Built-in - servicing, statutory testing and certification*	■	
	• Portable - repair (and renewal where repair is uneconomic)		■
	• Portable - servicing, statutory testing and certification*	■	
	Glass washers		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification		■
	Grease traps		■
	Gutters and down pipes	■	



APPENDIX 5 – PUNCH FOUNDATION TENANCY REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

		Punch's responsibility	Partner's responsibility
H	Hand dryers		■
	Heating systems (all types including central heating and other boilers and all radiators and control systems)		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification*	■	
	Hedges and trees - trimming and lopping		■
	Hoists and lifts		
	• Repair (and renewal where repair is uneconomic) • Servicing, statutory testing and certification*	■	
I	Ice-making machines		■
	Internal decoration		■
K	Kitchen units		■
L	Land drains	■	
M	Mirrors		■
	Moveable fenders		■
	Moveable window display fittings		■
O	Oil fires		
	• Built-in - repair (and renewal where repair is uneconomic)		■
	• Built-in - servicing, statutory testing and certification		■
	• Portable - repair (and renewal where repair is uneconomic)		■
	• Portable - servicing, statutory testing and certification		■
	Optics		■
P	Partitioning		■
	Pelmets		■
	Plumbing		■
	Portable electrical items		
	• Repair (and renewal where repair is uneconomic)		■
	• Servicing, statutory testing and certification		■
R	Refrigerators		■
	Roof flashings and valley gutters	■	
	Roofs	■	
S	Safes		■
	Sanitary fittings (both in public and private areas and including baths, showers, basins, sinks, urinals, WCs and towel rails)		■

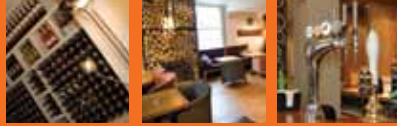


APPENDIX 5 – PUNCH FOUNDATION TENANCY REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

		Punch's responsibility	Partner's responsibility
S	Seating - fixed and loose		■
	Septic tanks		
	• Emptying		■
	• Repair	■	
	Shelving - fixed and moveable		■
	Signage		
	• External	■	
	• Internal		■
	Skirting boards		■
	Sprinkler systems		■
Staircases		■	
T	Tiling		
	• Floors		■
	• Internal walls		■
	TVs and satellite "big screens"		■
V	Video systems		■
W	Wall panelling		■
	Washing machines		■
	Waste disposal units		■
	Water softeners		■
	Water tanks		■
	Windows		
	• Repair (and renewal where repair is uneconomic)		■
	• Replacement of broken glass		■
	Wine cabinets		■

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APPENDIX 6 – PUNCH PARTNERSHIP LEASE REPAIRS AND MAINTENANCE

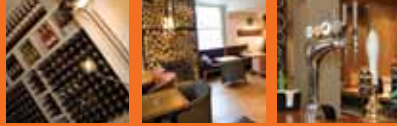
CODE OF PRACTICE - VERSION 6

GUIDANCE

This document gives you guidance on what you are responsible for in repairing and maintaining the property let to you under the terms of your current lease agreement.

The list which follows is not meant to be an exhaustive list of all that needs to be repaired and maintained at the property. There may be other items at the property which require maintenance or repair.

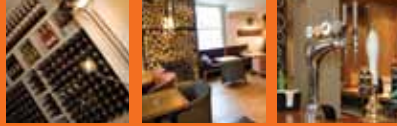
		Partner's responsibility
A	Air-conditioning	
	• Repair	■
	• Servicing	■
	Audio equipment	■
B	Bar counters, back fittings and overbars	
	• Foot rails and leaning rails	■
	• Minor repairs	■
	• Renewal of cracked and broken glass, mirrors etc	■
	• Repolishing/redecorating	■
	Beams	
	• Decorative	■
	• Structural	■
	Blinds	■
	Boilers (see heating systems)	■
	Built in cupboards and wardrobes	■
	Burglar alarms	■
	C	Car parks
• Cleaning		■
• Maintenance		■
• Repair		■
Carpets and carpet tiles		
• Cleaning		■
• Repair		■
Catering equipment		■
Cellar cooling equipment		
• Maintenance repairs		■
• Servicing		■
Cellar access - provision of safety ropes		■
Cellar curtains		■
Cellar flaps - repair and replacement		■
Cellar pumps		■
Cellar skids - repair and replacement		■



APPENDIX 6 – PUNCH PARTNERSHIP LEASE REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

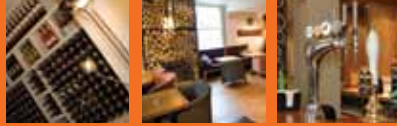
		Partner's responsibility
C	Cellar walls	■
	Ceilings	
	• Decoration	■
	• Repair	■
	Chimneys	
	• Cleaning/sweeping	■
	• Repair	■
	Cold water mains	■
Curtains and drapery	■	
D	Damp proofing	■
	Dance floors - fixed and portable	■
	Display cabinets	■
	Ditches and dykes	
	• Clearing and keeping tidy	■
	• Repair	■
	Doors (including fire doors)	
	• Decoration	■
	• Door closers and floor springs	■
	• Easing and adjusting	■
	• Locks and furniture	■
	• Repair	■
	Door bells	■
	Drains	
	• Clearing blockages	■
	• Repair	■
E	Electric fires	
	• Built-in - repairs	■
	• Built-in - servicing	■
	• Portable - servicing	■
	• Portable - repairs	■
	Electric light fittings	■
	Electric light fittings - emergency	■
	Electrical wiring	
	• Repair	■
	• Servicing	■
	Exterior gates, walls and fences	■
	External walls - decoration and repair	■



APPENDIX 6 – PUNCH PARTNERSHIP LEASE REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

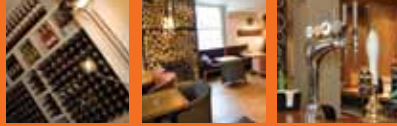
		Partner's responsibility
F	Fans - decorative ceiling fans	■
	Fans - free standing	■
	Fans - kitchen extractor fans - repair, maintenance and cleaning	■
	Fire alarms	
	• Maintenance and repair	■
	• Servicing	■
	Fire backs and surrounds	■
	Fire escapes	■
	Fire fighting equipment	
	• Replacement	■
	• Servicing	■
	Fixed décor features	■
	Floodlighting	■
	Floorboards and coverings	■
	Foot rails (see bar counters)	■
Foundations	■	
Furniture	■	
G	Gardens	
	• Cleaning	■
	• Maintenance	■
	Gas fires	
	• Built-in - repairs	■
	• Built-in - servicing	■
	• Portable - repairs	■
	• Portable - servicing	■
	Glass washers	
	• Repair	■
	• Servicing	■
	Grease traps	■
	Gutters and down pipes	■



APPENDIX 6 – PUNCH PARTNERSHIP LEASE REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

		Partner's responsibility
H	Hand dryers	■
	Heating systems (all types including central heating and other boilers and all radiators and control systems)	
	• Maintenance and repair	■
	• Servicing	■
	Hedges and trees - trimming and lopping	■
	Hoists and lifts	
	• Repair • Servicing	■ ■
I	Ice-making machines	■
	Internal decoration	■
K	Kitchen units	■
L	Land drains	■
M	Mirrors	■
	Moveable fenders	■
	Moveable window display fittings	■
O	Oil fires	
	• Built-in - repairs	■
	• Built-in - servicing	■
	• Portable - repairs	■
	• Portable - servicing	■
	Optics	■
P	Partitioning	■
	Pelmets	■
	Plumbing	■
	Portable electrical items	
	• Repair	■
	• Servicing	■
R	Refrigerators	■
	Roof flashings and valley gutters	■
	Roofs	■

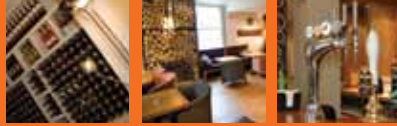


APPENDIX 6 – PUNCH PARTNERSHIP LEASE REPAIRS AND MAINTENANCE

CODE OF PRACTICE - VERSION 6

		Partner's responsibility
S	Safes	■
	Sanitary fittings (both in public and private areas and including baths, showers, basins, sinks, urinals, WCs and towel rails)	■
	Seating - fixed and loose	■
	Septic tanks	
	• Emptying	■
	• Repair	■
	Shelving - fixed and moveable	■
	Signage	
	• External	■
	• Internal	■
	Skirting boards	■
	Sprinkler systems	■
	Staircases	■
T	Tiling	
	• Floors	■
	• Internal walls	■
	TVs and satellite "big screens"	■
V	Video systems	■
W	Wall panelling	■
	Washing machines	■
	Waste disposal units	■
	Water softeners	■
	Water tanks	■
	Windows	
	• Repair	■
	• Replacement	■
	• Replacement of broken glass	■
	Wine cabinets	■

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APPENDIX 7 – MACHINE PROFIT SHARE – EXAMPLE CALCULATION

CODE OF PRACTICE - VERSION 6

AMUSEMENT WITH PRIZES

Based on a 14 day collection

Standard Rental Model	
Description of Elements	Value £
Gross Cash in Machine	£354.50
Deductions removed:	
- MGD at 20%	£70.90
- Machine Rent paid to Supplier	£134.72
Total Deductions	£205.62
Total Net Cash available to share	£148.88
Share basis @50/50	
Partner share	£74.44
Punch share	£74.44

NEW TERM RENTAL MODEL

AMUSEMENT WITH PRIZES

Based on a 14 day collection

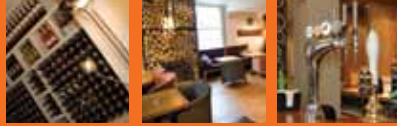
New Term Rental Model	
Description of Elements	Value £
Gross Cash in Machine	£354.50
Deductions removed:	
- MGD at 20%	£70.90
- Machine Rent paid to Supplier	£114.72
- Administration Fee	£3.50
Total Deductions	£189.12
Total Net Cash available to share	£165.38
Share basis @50/50	
Partner share	£82.69
Punch share	£82.69

FROM 1ST FEBRUARY 2013

SKILL WITH PRIZES AND SKILL WITHOUT PRIZES

Based on a 14 day collection

Skill with Prizes and Skill without Prizes	
Description of Elements	Value £
Gross Cash in Machine	£39.40
Deductions removed:	
- MGD at 20%	£7.89
Total Deductions	£7.89
Total Net Cash available to share	£31.51
Share basis @60/20/20	
Supplier share	£18.91
Partner share	£6.30
Punch share	£6.30



APPENDIX 7 – MACHINE PROFIT SHARE – EXAMPLE CALCULATION

CODE OF PRACTICE - VERSION 6

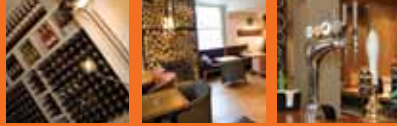
ATM

Based on 80 transactions over a 4 week period

ATM	
Description of Elements	Value £
Transaction Charge £1.75	
Total Income	£140.00
Supplier Share 82p per transaction	£65.25
Partner Share 55p per transaction	£44.00
Punch Share 35p per transaction	£30.75
Less Line Rental	£0.00

- The equipment is owned by the supplier.
- Punch pay any ancilliary charges i.e. removals, lock drills.






APPENDIX 8 – STATEMENT, RENT INVOICE AND DRINKS INVOICE EXAMPLES

CODE OF PRACTICE - VERSION 6

STATEMENT EXAMPLE



Jubilee House
Second Avenue
Burton on Trent
Staffordshire
DE14 2WF
VAT Reg. Number: 884 2575 86

STATEMENT OF ACCOUNT

Statement Date 18/04/2010
Statement Number 1812770
Customer Acc. No. 123456

Page 1 of 1

**Payment Terms - Weekly
Direct Debit**

Payments received since last statement

Receipt	Date	Reference	Amount
Payment Received		Direct Debit	

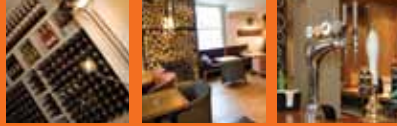
Account Summary as at

Item	Date	Reference	Original Amount	Outstanding Amount	Due Date	Direct Debit Amount
Sales Invoice						
Property Invoice						
Total						

Due on 27/04/2010	Immediately Due	Statement Total

The sum of will be collected via Direct Debit on or immediately following


If you have any queries relating to this statement, please ring Frontline on 08447 360360.
 Note: To monitor and improve the quality of service we deliver, calls may be taped for training purposes.
 For terms and conditions of sale and a range of further information, please visit our web site on www.punchtaverns.com (in Your Place) or ring 08447 360360 to request a copy.



APPENDIX 8 – STATEMENT, RENT INVOICE AND DRINKS INVOICE EXAMPLES

CODE OF PRACTICE - VERSION 6

RENT INVOICE EXAMPLE



Punch Taverns (PTL) Ltd
 Jubilee House
 Second Avenue
 Burton on Trent
 Staffordshire
 DE14 2WF
 VAT Reg. Number: 710 3148 84

Property Charge Invoice

Invoice No:
 Invoice Date:
 Customer No:
 Location Code:

Invoice Address

Page 1 of 1

Description	Charge (Ex-VAT)	VAT Amount	Total	VAT		Net Due Date
				Code	Rate	
Rent From:				V	20.00	
Rent From:				E	0.00	
Insurance From:				V	20.00	
Insurance From:				E	0.00	
Licensing Service Fee From:				V	20.00	

For Terms and Conditions, please refer to your Lease / Agreement

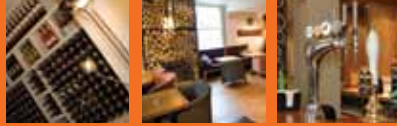
Location

VATCode	VAT Rate	Value of Goods	VAT Amount
E - Tax Exempt V - Value Added Tax	20.00		

If you have any queries relating to this invoice please ring the Contact Centre on 08447 360360.
 Note: to monitor and improve the quality of service we deliver, calls may be taped for training purposes.
 For terms and conditions of sale and a range of further information please visit our web site on
www.punchtaverns.com (in Your Place) or ring 08447 360360 to request a copy.

INVOICE TOTAL


£



APPENDIX 8 – STATEMENT, RENT INVOICE AND DRINKS INVOICE EXAMPLES

CODE OF PRACTICE - VERSION 6

DRINKS INVOICE EXAMPLE



Jubilee House
Second Avenue
Burton on Trent
Staffordshire
DE14 2WF
VAT Reg. Number: 601 8345 66

Invoice

Invoice No:
Invoice Date:
Delivery Receipt No.
Invoice Date:
Customer Ref:
Our Ref No:

Page 1 of 1

Description	Container Size	Quantity		Excluding Value Added Tax			VAT CODE
		Containers	Unit per container	Unit List Price	Nett Price after Discnt	Total Line Value	
TETLEY BITTER CASK COND 9G	CAS 9 GAL						5
WORKIE TICKET	CAS 9 GAL						5
TOBY LIGHT 11G KEG	KEG 11 GAL						5
CARLING 22G KEG 4%	KEG 22 GAL						5
JOHN SMITHS EXTRA SMOOTH 22G	KEG 22 GAL						5
BULMERS STRONGBOW 50L KEG	KEG 11 GAL						5
GUINNESS 11G KEG	KEG 11 GAL						5
BLACK SHEEP BITTER 9G CASK	CAS 9 GAL						5
	..						

Total Goods £

Delivery Address

VAT Code	VAT Rate	Value of Goods	VAT Amount
5) Trade	20%		

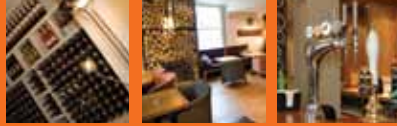
Any items listed with a VAT code of N are not subject to Value Added Tax

If you have any queries relating to this invoice please ring Frontline on 08447 360360.
Note: to monitor and improve the quality of service we deliver, calls may be taped for training purposes.
For terms and conditions of sale and a range of further information please visit our web site on www.punchtaverns.com (in Your Place) or ring 08447 360360 to request a copy

INVOICE TOTAL

£

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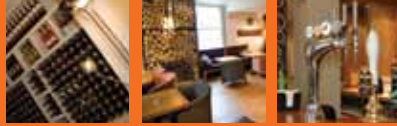
APPENDIX 9 – THEORETICAL PROFIT AND LOSS

CODE OF PRACTICE - VERSION 6

EXPENSES & P&L

We will provide a completed copy of this report to demonstrate our assessment of the turnover, gross margins and expenses involved in the operation of your pub.

Open Market Rental Valuation										
Without Prejudice And Subject To Contract										
Outlet Name	Current Agreement		Punch Contact							
Customer Name	Agreement Type		Valuation Type							
Address	Priceband		Trading Company							
	Renewal/Review Date		Punch Ref							
Income	Tie	Price Band	Barrels/ Litres	Wholesale Price	Discounted Price	Unit Price (incl VAT)	Retail Unit	Turnover	GP%	Gross Profit
Wet Trade										
Premium Ales - > 4.2% Abv (Barrels)										
Standard Ales - <4.2% Abv (Barrels)										
Ales - Packaged (Barrels)										
Beer - Guest (Barrels)										
Premium Lager - > 4.2% Abv (Barrels)										
Standard Lager - <4.2% Abv (Barrels)										
Lager - Packaged (Barrels)										
Cider - Draught (Barrels)										
Cider - Packaged (Barrels)										
Specialties (Litres)										
Wines (Litres)										
Spirits (Litres)										
Minerals - Bulk (Diluted Litres)										
Minerals - Cased (Litres)										
Waste Including Line Cleaning (Barrels)										
										Total Wet Trade
Dry Sales										
Catering										
Accommodation										
Other - Bar Snacks/Door Income/Tobacco/Other										
										Total Dry Sales
Machines Not Supplied By Punch										
										Turnover/Gross Profit
Expenses										
Total Wage Costs										
Rates										
Utilities										
Repairs, Maintenance & Regulatory										
Insurance - Building, Contents, 3rd Party										
Stock Taker, Accountant And Other Pro Fees										
Cleaning Materials										
Consumables (Inc Cellar Gas)										
Licensing										
Entertainment										
Marketing / Promotions										
Communications Inc Telephone										
Equipment Hire										
Bank Charges										
Miscellaneous Costs										
										Total Expenses
Capital Costs										
Interest on Capital										
Improvement Disregard										
										Total Capital Costs
										Net Profit Before Rent
										Rent bid & open market rent
										Machines Supplied By Punch
										Partner Profit
										Managers Salary



APPENDIX 9 – THEORETICAL PROFIT AND LOSS

CODE OF PRACTICE - VERSION 6

PROFIT & LOSS SUMMARY

We will provide a completed copy of this report as a summary of our assessment of the turnover, gross margins, expenses and the relationship of the rent to your pub. This page also includes the trading history for your pub.

Open Market Rental Valuation

Without Prejudice And Subject To Contract

Outlet Name	Current Agreement	Punch Contact
Customer Name	Agreement Type	Valuation Type
Address	Priceband	Trading Company
	Renewal/Review Date	Punch Ref

	Turnover	Gross Profit %	Gross Profit	Percentage Total T/O (Excl Machines)
FMT Ale, Lager, Cider				
Wet Trade				
Dry Sales				
Total (Excl Machines)				
Machines Non-Punch				
Total				
Expenses				
Capital Costs				
Net Profit Before Rent				

Rent Bid				
----------	--	--	--	--

MAT Ale, Lager & Cider Purchases (Bris)		

NB excludes Purchases from SIBA as of

Signed _____

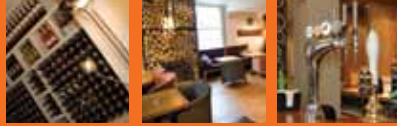
On behalf of _____

Name _____ Date _____

On behalf of Punch Partnerships

Name _____ Date _____

Disclaimer The fair maintainable trade assessment is the opinion of Punch Partnerships and no assurance, warranty or representation, either express or implied, is made. You must rely on your own advice and opinions as to the trading potential of this property.



APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

OUR OFFICES, CONTACTS, AND INFORMATION

Punch Taverns

Jubilee House
Second Avenue
Burton Upon Trent
DE14 2WF

Telephone: 01283 501600
Fax: 01283 501601
Web: www.punchtaverns.com
Reception: 8.30am - 5.30 pm Mon - Fri

Contact Centre

Telephone: 01283 502222

Calls are charged at 4p per minute from a land line.
From a mobile, your own local networking charges apply.

Buying Club

www.punchbuyingclub.com

British Beer and Pub Association (BBPA)

Ground Floor
Brewers' Hall
Aldermanbury Square
London
EC2V 7HR

Telephone: 020 7627 9191
Fax: 020 7627 9123
Web: www.beerandpub.com

Federation of Licensed Victuallers Associations (FLVA)

126 Bradford Road
Brighouse
West Yorkshire
HD6 4AU

Telephone: 01484 710534
Web: www.flva.co.uk

TRADE INDUSTRY BODIES

British Institute of Innkeeping (BII)

Wessex House
80 Park Street
Camberley
Surrey
GU15 3PT

Telephone: 01276 684449
Fax: 01276 23045
Web: <http://bii.bii.org/home>

British Institute of Innkeeping Benchmarking and Accreditation Service (BIIBAS)

Wessex House
80 Park Street
Camberley
Surrey
UK
GU15 3PT

Telephone: 01276 417805
Fax: 01276 23045
Web: <http://www.biibenchmarking.com>

Association of Licensed Multiple Retailers (ALMR)

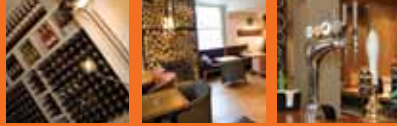
9b Walpole Court
Ealing Studios
London
W5 5ED

Telephone: 020 8579 2080
Fax: 020 8579 7579
Web: www.almr.org.uk/home

Wine and Spirit Trade Association

International Wine and Spirit Centre
39-45 Bermondsey Street
London
SE1 3XF

Telephone: 020 7089 3877
Web: www.wsta.co.uk



APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

OTHER IMPORTANT CONTACT DETAILS

Pub Independent Conciliation & Arbitration (PICA) Service

Wessex House
Camberley
GU15 3PT

Telephone: 01276 417806
Fax: 01276 23054
Email: info@picaservice.com
Web: www.picaservice.com

Pub Independent Rent Review Scheme (PIRRS)

Wessex House
80 Park Street
Camberley
Surrey
GU15 3PT

Telephone: 01276 417825
Fax: 01276 23045
Web: www.pirrscheme.com

Royal Institution of Chartered Surveyors (RICS) UK

12 Great George Street
Parliament Square
London
SW1P 3AD

Telephone: 0870 333 1600
Fax: 020 7334 3811
Web: <http://www.rics.org>

DirectGov – Public Services all in one place

Web: www.direct.gov.uk

Business Link - Practical advice for business

Web: <http://www.businesslink.gov.uk>

Health and Safety Executive

Telephone: 0845 345 0055
Web: www.hse.gov.uk

Gambling Commission

Victoria Square House
Victoria Square
Birmingham
B2 4BP

Telephone: 0121 230 6500
Web: www.gamblingcommission.gov.uk

HM Revenues and Customs

Somerset House
Strand
London
WC2R 1LB

Telephone: 020 7667 4001
Web: www.hmrc.gov.uk

Security Industry Authority

PO Box 1293
Liverpool
L69 1AX

Telephone: 0844 892 1025
Web: www.sia.homeoffice.gov.uk

Information Commissioner's Office

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Telephone: 0303 123 1113
Web: www.ico.gov.uk

Food Standards Agency

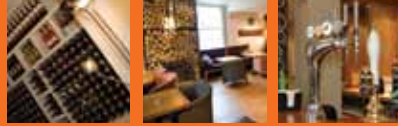
Telephone: 020 7276 8829
Web: www.food.gov.uk

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)

Telephone: 0845 300 9923
Web: www.hse.gov.uk/riddor

Smoke Free England

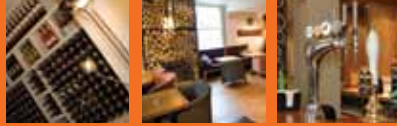
Telephone: 0800 587 1667
Web: www.smokefreeengland.co.uk



APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

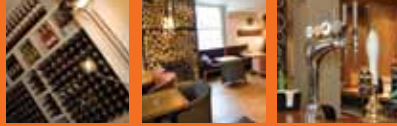
BRAND OWNERS CONTACT NUMBERS FOR SERVICE AND MAINTENANCE			
Brand Owner	Brands Serviced	Telephone Number	Call Centre Opening Times
	Aspall Cyder	01728 860510	9am - 5pm Excludes Bank Holidays Closed from 12pm on Christmas Eve until first Monday of January
	Belhaven Best Bitter	07000 235767	Mon-Fri: 8.30am - 8pm Weekends: 9am - 9pm Christmas/Boxing/New Years Day: 9am - 9pm
	Brains Dark Smooth Mild Brains Bitter	08456 217980	Mon-Fri: 8.30am - 5pm Sat/Sun: 10am - 5pm
	Pepsi Diet Pepsi R Whites Lemonade	08457 581781	Daily: 8am - 9pm (Excludes Christmas Day)
	Caledonian 80/- White Cap Keg	07000 235767	Mon-Fri: 8.30am - 8pm Weekends: 9am - 9pm Christmas/Boxing/New Years Day: 9am - 9pm
	Strongarm Trophy Special	01429 852028	Mon-Fri: 9am-5pm (All other times answering service)
	Ansells Mild Greenalls Mild Ansells Bitter Lowenbrau Carlsberg Original Calders Pale Double Diamond Skol San Miguel Tetley	08457 820820	Daily: 8am - 9.30pm (Excludes Christmas Day)
	Red Stripe	01234 279260 01234 272766	Mon-Fri: 8am - 5.15pm Evenings/Weekends/ Bank Holidays: 9am - 8pm
	Coca-Cola Diet Coca-Cola Schweppes Lemonade	08705 336699	Mon-Fri: 8am - 9pm Sat: 9am - 6pm Sun/Bank Holidays: 10am - 4pm (all other times calls are transferred to a call handling service)



APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

 <p>Constellation Europe leading wines and drinks</p>	<p>Stowells Wines Jack Rabbit Wines</p>	<p>0800 136762</p>	<p>Mon-Fri: 8.00am - 6pm Weekends/Bank Holidays: 10am - 4pm (Excludes Christmas Day)</p>		
<p>ALL problems with CASK ALES dispense need to be directed to the PRINCIPAL BREWER</p>					
 <p>C&C group plc & Magners Group</p>	<p>Addlestones Taunton Dry Blackthorn Tennents Gaymers Olde English Red C Magners</p>	<p>0845 601 5959</p>	<p>Daily: 8am - 8pm Excluding Christmas Day (answering service in use)</p>		
 <p>MOLSON Coors</p>	<p>Allbright Grolsch Brew XI Caffreys M&B Mild Coors Fine Light Stones Bitter Toby Worthington C2 Carling</p>	<p>0845 600 1777</p>	<p>Mon-Fri: 7am - 9pm Sat/Sun: 8am - 9pm Christmas Day: 9am - 4pm Boxing Day/New Years Day: 9am - 9pm</p>		
 <p>DIAGEO</p>	<p>Guinness</p>	<p>08457 515101</p>	<p>Sat: 9am - 5pm Sun: 9am - 3pm (All other times answering service)</p>		
 <p>GREENE KING</p>	<p>Greene King Dark Mild Hardys & Hansons Ales IPA Smooth Keg IPA Keg</p>	<p>08457 125818</p>	<p>Mon-Fri: 8.30am - 5pm (All other times answering service)</p>		
 <p>!nBev</p>	<table border="0"> <tr> <td style="vertical-align: top;"> <p>Bass Staropramen Boddingtons Stella Artois Becks Vier Trophy Bitter Smooth</p> </td> <td style="vertical-align: top;"> <p>Flowers Welsh Bitter Hoegaarden Whitbread Leffe Budweiser</p> </td> </tr> </table>	<p>Bass Staropramen Boddingtons Stella Artois Becks Vier Trophy Bitter Smooth</p>	<p>Flowers Welsh Bitter Hoegaarden Whitbread Leffe Budweiser</p>	<p>08457 100600</p>	<p>Daily: 8am - 8pm (365 days a year)</p>
<p>Bass Staropramen Boddingtons Stella Artois Becks Vier Trophy Bitter Smooth</p>	<p>Flowers Welsh Bitter Hoegaarden Whitbread Leffe Budweiser</p>				
 <p>Heineken UK</p>	<table border="0"> <tr> <td style="vertical-align: top;"> <p>Bulmers GL Bulmers Original Courage Chestnut Mild Fosters John Smiths Kronenbourg Magnet Miller Pilsner McEwans</p> </td> <td style="vertical-align: top;"> <p>Scrumpy Jack Strongbow Murphy Irish Stout Stonehouse Theakstons Bitter Theakstons Mild Websters Woodpecker Youngers Newcastle Exhibition</p> </td> </tr> </table>	<p>Bulmers GL Bulmers Original Courage Chestnut Mild Fosters John Smiths Kronenbourg Magnet Miller Pilsner McEwans</p>	<p>Scrumpy Jack Strongbow Murphy Irish Stout Stonehouse Theakstons Bitter Theakstons Mild Websters Woodpecker Youngers Newcastle Exhibition</p>	<p>0845 878 7075</p>	<p>Daily: 7am - 9pm (365 days a year)</p>
<p>Bulmers GL Bulmers Original Courage Chestnut Mild Fosters John Smiths Kronenbourg Magnet Miller Pilsner McEwans</p>	<p>Scrumpy Jack Strongbow Murphy Irish Stout Stonehouse Theakstons Bitter Theakstons Mild Websters Woodpecker Youngers Newcastle Exhibition</p>				

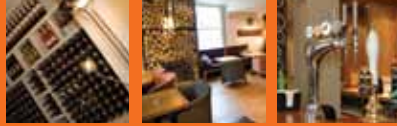


APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

	Thatchers Cider	01934 822862	Mon-Fri: 9am - 5pm (All other times answering service)
	Banks Bitter Hansons Mild Banks' Original Smooth Marstons Pedigree Mansfield Smooth	01902 329511	Mon- Fri: 8am - 6pm Sat: 9am - 4pm Sun: 9am - 3pm
	Bulmers Traditional Scrumpy Old Rosie Stowford Press	01531 660117	Mon-Fri: 9am - 5pm (All other times answering service)
	BOC Gas	08457 302 302	Mon-Fri: 8am - 5.30pm (All other times the number will re-direct the call)
	Air Liquide formerly Messer Gas Systems	0800 7314812	Mon-Sun: 8am - 11pm
ALL problems with CASK ALES dispense need to be directed to the PRINCIPAL BREWER			

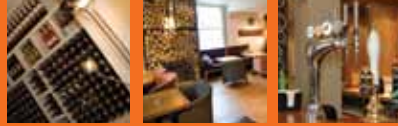




APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

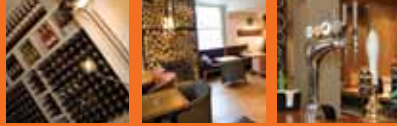
MACHINE SUPPLIER CONTACT NUMBERS FOR SERVICE AND MAINTENANCE			
Brand Owner	Products Supplied	Location	Telephone Number
	All leisure machines	Gamestec Head Office	0845 6015971
		Gamestec - Bellshill	0845 6015972
		Gamestec - Cambourne	0845 6015973
		Gamestec - Chepstow	0845 6015974
		Gamestec - Maidstone	0845 6015975
		Gamestec - Seaham	0845 6015976
		Gamestec - St Albans	0845 6015977
		Gamestec - Thetford	0845 6015978
		Gamestec - Warrington	0845 6015979
		Gamestec - Willenhall	0845 6015980
Gamestec - Yorkshire Ops	0845 6015981		
	All leisure machines	Sceptre Leisure Head Office	0845 7056352
		Sceptre Leisure - Birmingham	0845 7056353
		Sceptre Leisure - Bournemouth	0845 7056354
		Sceptre Leisure - Bristol	0845 7056355
		Sceptre Leisure - Cardiff	0845 7056356
		Sceptre Leisure - Crewe	0845 7056357
		Sceptre Leisure - Exeter	0845 7056358
		Sceptre Leisure - Glasgow	0845 7056359
		Sceptre Leisure - Leeds	0845 7056360
		Sceptre Leisure - London East	0845 7056361
		Sceptre Leisure - London West	0845 7056362
		Sceptre Leisure - Nottingham	0845 7056363
		Sceptre Leisure - Washington	0845 7056364
	All leisure machines IOA Member North IOA Member North IOA Member South West IOA Member South East IOA Member South Coast IOA Member Scotland IOA Member Central Scotland IOA Member Isle of Wight IOA Member Midlands IOA Member Midlands IOA Member North East IOA Member North East & West IOA Member North Wales IOA Member Scotland IOA Member South East IOA Member South East IOA Member South West	K. Sime Machines Limited	0161 797 6723
		Masterplay Leisure Services Ltd	01625 533392
		Mendip Coin	01458 851122
		S E Leisure Limited	01622 791617
		F Simmonds & Sons	01305 782130
		Prize Coin Equipment	01461 338320
		Sims Automatics	0141 946 0444
		Breakout Operations	01983 874151
		Recaf Equipment Limited	01905 823456
		Premier Automatic Machines Ltd	01827 288600
		Northumbria Leisure Ltd	01434 607088
		Bobb Rudd Leisure Limited	0191 217 3721
		Parkinson Machines Ltd	01691 772437
		Fair City Amusements	01738 636771
		Essex Leisure	0844 8001555
		Petron Amusements Ltd	01992 473900
		Alan Davies Amusements	01803 612261



APPENDIX 10 – USEFUL CONTACT NUMBERS

CODE OF PRACTICE - VERSION 6

INDEPENDENT MACHINE SPECIALIST			
Supplier	Products Supplied	Location	Telephone Number
Urmston Automatics	Ancillary Supplier	North	0161 7488696
Border Automatics	Ancillary Supplier	North West	01743 464232
 Keeday Leisure Ltd	All equipment	Midlands & North West	01530 888379
 Edmonton Machines	All equipment	South East	0208 344 4777
 Ivor Thomas Amusements Ltd.	All equipment	South East and Kent	01843 592879
Gem Automatics Ltd	All equipment	South Wales	01639 885 640
 Albyn Video Games	All equipment	Northern Scotland	01463 713610
 Capital Coin Machine Co	All equipment	South Coast	01273 413283
Spectrum Games Limited	All equipment	South East & Midlands	0121 327 6984
Metrocoin	All equipment	South East & Midlands	01707 600100
 Sound Leisure Ltd	Specialist Music Supplier	North & Midlands	0845 2301775
 Tarratt Tables	Specialist Pool & Bar Billiard	South East	01403 864091
New Dawn Leisure	Specialist Quiz & Video	East Angala & North	01603 260868
ATMS			
Brand Owner	Products Supplied	Location	Telephone Number
	ATMs	InfoCash Ltd 29 The Quadrant Abingdon Science Park Oxfordshire OX14 3YS Web: www.infocash.co.uk	0800 0851569 (helpdesk)



APPENDIX 11 – GLOSSARY

CODE OF PRACTICE - VERSION 6

PUNCH TAVERNS CODE OF PRACTICE – GLOSSARY

Amusement with Prize (AWP) - Gambling machines that provide some level of player interaction but do not depend on the skill of the player.

Authorised Guarantee Agreement (AGA) - By signing an AGA you provide a guarantee for the buyer of your lease. This guarantee can only last for as long as the person/company you sold to holds the lease.

Beer Barrel & Barrelage - Industry measurement for volume of beer. A barrel represents 36 gallons. Barrelage is a multiple of the 36 gallon beer barrel.

Beer Engine - A device for pumping beer, originally manually operated and typically used to dispense beer from a cask or container in a pub's basement or cellar.

BII Benchmarking and Accreditation Services. (BIIBAS) - BIIBAS runs the scheme under which pub companies can apply to have their Codes of Practice accredited against set criteria.

British Institute of Innkeepers (BII) - The professional body for the licensed retail sector and a nationally recognised professional members' organisation.

Business Plan - A formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. It may also contain background information about the organization or team attempting to reach those goals.

Cash Flow - The movement of cash into or out of a business usually measured during a specified, finite period of time.

Cash with Order - System by which you are required to pay for your trade purchases before they are delivered.

Consent Order - Used to formally agree a settlement between you and us, which will then be approved and sealed by a court with a suspended possession order attached.

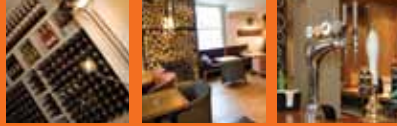
Consumer Price Indexation (CPI) - An inflationary indicator measuring the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation. CPI is the measure adopted by the Government for its UK inflation target.

Designated Premises Supervisor (DPS) - The person who has day to day responsibility for the running of a licensed premises. Any premises where alcohol is supplied under a premises licence must have a DPS. They will be named in the premises licence, a summary of which must be displayed on the premises. A DPS must be a Personal Licence holder.

Divisible Balance - A calculation under Royal Institution of Chartered Surveyors (RICS) rental valuation methodology of the estimated operating profit in a pub prior to rent.

Dry Trade - The business and income that is derived from food.

Fair Maintainable Trade (FMT) - Fair maintainable trade is a standard valuation approach used to calculate pub and licensed trade rents. Fair maintainable trade is the annual level of trade (excluding VAT) that a pub can be expected to achieve assuming a reasonably efficient operator.



APPENDIX 11 – GLOSSARY

CODE OF PRACTICE - VERSION 6

Finest Cask - A cask ale membership scheme exclusive to Punch Taverns, listing a variety of products from across the UK. This list is rotated every eight weeks.

Fixtures and Fittings (F&F) - All items in the pub that are not part of the actual building.

Flow Monitoring - Flow monitoring is installed in the cellar of your pub and measures the amount of draft beer and cider that is dispensed against the amount of beer and cider that is delivered using a flow meter installed in each of the beer lines.

Free of Tie - A tenant who is free to purchase all his trade products from whomever he or she so chooses.

Freehold - Ownership of land and the buildings on such land (as opposed to leasehold, where property reverts to the owner when the lease expires if that lease is not renewed.)

Freehold Pub - A pub building and associated land that is owned by an individual or company. If this individual chooses to operate this business themselves they will typically be free of tie (as described above.)

Heads of Terms - A document outlining the proposed terms of the agreement. It is not a legally binding document.

Industry Framework Code (IFC) - Sets out the minimum standards and requirements that must be incorporated into individual company Codes of Practice. Also has legal status and can be relied upon in a Court of Law.

Landlord & Tenant Act - Statutory code governing business tenancies.

Licence to Alter - Legal document to record all works that alter the leaseholder's demise.

License to Assign - Legal document granting the permission of the freeholder for the sale of the lease.

Leasehold Pub - A leasehold pub is a pub held by an individual or company on a long term agreement of usually 10 years or greater. The agreement is typically protected by the landlord and tenant act, can be sold onto another party and is usually fully repairing and insuring (individual agreements should be checked for full terms and conditions.)

Machine Gaming Duty - A taxation system (introduced 1st February 2013) charged on AWP and SWP machines calculated prior to the division of cash between parties. A Partner is responsible for the collection of these monies and payment to HMRC.

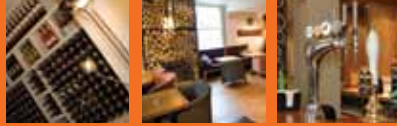
Managed Pub - A Managed Pub is typically a pub within a chain which usually has items in common, such as fittings, promotions, ambience and range of food and drink on offer. A pub chain will position itself in the marketplace for a target audience. One company may run several pub chains aimed at different segments of the market.

New Business Development Manager - A member of Punch personnel responsible for the successful launch of Punch funded newly invested businesses.

Partner - Description of the relationship between Punch Taverns and the individual, individuals or company that hold one of the lease/tenancy agreements at one of our pubs. For example, Partner may refer to an individual, husband and wife or a limited company.

Partnership Development Manager (PDM) - Your main point of contact, available to advise you in your dealings with Punch Taverns, support the development of your business and to ensure that the obligations of your contract are being maintained.

Personal Licence - A Personal Licence authorises the holder to supply alcohol or authorises the supply of alcohol in accordance with a premises licence. A Personal Licence is a requirement for any person wishing to become the Designated Premises Supervisor (DPS) of a premises licensed to sell alcohol.



APPENDIX 11 – GLOSSARY

CODE OF PRACTICE - VERSION 6

Profit and Loss account - A report of the company's profit on the sale of their goods or the provision of their service over a trading period, normally one year.

Progressive Beer Duty - A term used to describe a beer duty system that allows smaller breweries to pay less tax on their products. This is designed to create competition in quality and variety and to support diversity in local economies.

Property Manager (PM) - The representative of Punch Taverns with specific expertise relating to property, repairs and maintenance.

Pub Independent Conciliation & Arbitration Service (PICAS) - PICAS provides a low cost independent service where disputes may be referred after pursuing remedies through an individual pub company where that company has not provided a remedy satisfactory to the tenant or lessee.

Pub Independent Rent Review Scheme (PIRRS) - The Pubs Independent Rent Review Scheme (PIRRS) offers a low-cost rent review resolution service to the licensed industry.

Pubwise - A panel of accountants, approved by Punch Taverns who will provide services for new partners and partners requiring financial support.

Reasonably Efficient Operator - A competent operator of a business acting in an efficient manner. The concept involves the trading potential of the property rather than the actual level of trade under the existing ownership and therefore excludes personal goodwill.

Regional Launch Manager - A member of Punch personnel responsible for the successful launch of Punch funded newly invested businesses.

Retail Price Indexation (RPI) - The most familiar general purpose domestic measure of inflation in the United Kingdom.

Skill with Prize (SWP) - Gaming machine which provides a payout (the "prize") and whose outcome depends in part on the player's skill.

Statutory Declaration - A statutory declaration is a legal document similar to a statement made under oath; however, it is not sworn. Statutory declarations are commonly used to allow a person to affirm something to be true for the purposes of satisfying some legal requirement or regulation when no other evidence is available.

Substantive Agreement - Either a Punch Partnership Lease, Punch Foundation Tenancy or a historical agreement that was typically 3 years or more in duration at the start of the agreement with an ongoing legal obligation on both sides.

Tenanted Pub - A tenanted pub is usually held by an individual or company on a short term agreement typically 3 to 5 years in duration. This agreement will usually have a notice period of some form, a shared repairing liability with the landlord, and be non-assignable, meaning that the agreement cannot be sold onto another party. (Individual agreements should be checked for full terms and conditions.)

Tie - A contractual obligation to purchase certain specified products from the landlord.

Ullage - The amount of liquid within a container that is lost, by leakage or deterioration of product, during shipment or storage.

Wet Trade - The business and income that is derived from ale, lager, stout, cider, wines, spirits, soft drinks and any other drink product that is sold within the business.

