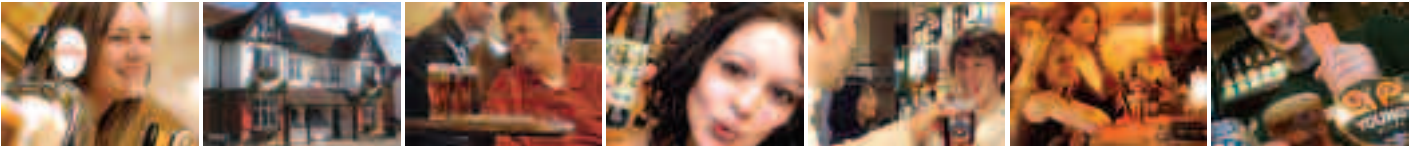


First choice for customers and consumers



## QUESTIONS MOST ASKED BY PROSPECTIVE TENANTS & LESSEES

# QUESTIONS AND ANSWERS



## Q What is a Tenancy or Lease?

A Pub tenancies and leases are business agreements. A pub is let by the owner to another party – whether they are an individual, partnership or limited company. The letting agreement includes the building and adjoining land to the edge of its boundary unless specified.

The letting terms are detailed in a formal contract. They include trading arrangements, property repair responsibilities and other legal requirements for both parties. These agreements provide the tenant or lessee with freedom to run their own business. But they also retain the support of an experienced Pub Company operator.

## Q What is the length of your agreement?

A Charles Wells Pub Company has a range of agreements designed to meet everybody's needs. Each has different features to appeal to different operators, dependent on their experience and personal circumstances:-

### ■ 'Easy Start' Agreement

Suitable for people who've never run their own pub and have limited finance available

- Lower initial costs limited to deposit, stock, glassware and legal/administration fees
- One month notice period
- Contracted out of the Landlord & Tenant Act. Provides greater flexibility for both parties
- Usually applies to smaller sites that are more straightforward to operate

### ■ Introductory Agreement

Often used as an introductory agreement with the aim of transferring to a full tenancy or lease

- Six month notice period
- Inventory costs negotiable
- Deposit, stock, glassware and legal/administration fees also applicable
- Contracted out of the Landlord & Tenant Act with a 6 month break clause

### ■ Classic Tenancy

Standard agreement that provides a good combination of flexibility and security

- Inventory, deposit, stock, glassware and legal/administration fees are applicable
- Contracted into the Landlord & Tenant Act
- Charles Wells Pub Company has responsibility for redecorating the external and internal trading areas
- Rolling three year agreement, with rent reviews held before renewal
- Notice period is 12 months prior to the rent review

### ■ Assignable Lease

Suitable for pub retailers who could benefit from the rise in value of the business through the goodwill they create

- 10 or 15 years lease duration
- May be assigned to another party after three years
- Inventory, deposit, stock, glassware and legal/administration fees are applicable
- Excludes liability for major structural repairs, as agreed with the Retail Development Manager (RDM)

(See separate Charles Wells Pub Company information sheet for further details)

## Q Are your agreements fully tied?

A Yes. All drinks are ordered and purchased from the wide-ranging choice listed by Charles Wells Pub Company.

**Q How is the rent calculated?**

**A** The rent is calculated using a realistic Profit and Loss Business Account. It will reflect Open Market rent and will normally equal approximately 12% of the net turnover. However, each pub will have individual calculations, based on income and expenses.

**Q What training will I need before taking a pub?**

**A** It will depend on your experience. To run any pub, you must have a personal licence. To receive your licence, you need to pass the National Certificate for Personal Licence Holders (NCPLH) exam. Please see our separate sheet giving details of how to obtain your personal licence.

Prospective licensees must attend the five day Charles Wells Retail Induction Support Programme (CRISP). This includes an introduction to the company as well as the key elements to running a successful business.

We also recommend that applicants should hold the CIEH Certificate in Food Safety in Catering and will agree any additional training before you take on your pub.

**Q What are the Licensee's responsibilities concerning repairs?**

**A** If you become a Charles Wells tenant or lessee, we will provide you with a 'Schedule of Repair Responsibilities' at the time of our formal offer of a particular pub.

Repair responsibilities differ by agreement type. In general, Charles Wells Pub Company is responsible for the main structure of the building. Licensees are responsible for all minor repairs as detailed on their schedule. For longer, transferable leases, responsibility for repairs moves towards the lessee. Your RDM will discuss these with you before you make a commitment.

**Q Who is responsible for decoration?**

**A** In tenancy agreements, Charles Wells Pub Company is responsible for the decoration of the exterior and public areas of the pub. This is normally achieved every five years. For longer leases, Licensees are responsible for decoration of the whole building.

**Q Can I decorate the interior of the pub, even if it is not due?**

**A** Yes, but only with Charles Wells Pub Company agreement.

**Q What are the arrangements for games machines, pool table & juke box?**

**A** Income from 'Amusement with Prizes' (AWP's) and 'Skill with Prizes' (SWP's) machines is shared on a 50/50 basis after rent. Pool table and juke box income will be shared on the same 50/50 split.

**Q Can I have my own machines?**

**A** No. Charles Wells Pub Company will provide a list of approved suppliers. You can choose the machines that are right for your pub from this list.

**Q Do I need to have a computer?**

**A** Every retailer joining Charles Wells Pub Company will be expected to have a computer and internet access. This will ensure you can access our online support and food solutions material. We will also be able to communicate with you more quickly and efficiently as our own systems develop.

**Q What happens to the staff when I take over?**

**A** When you take over a business, existing staff transfer with it. They are entitled to work for you under the same terms and conditions as provided by their previous employer. Their legal rights are guaranteed by the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE). The retailer leaving the business should provide you with all relevant details including rates of pay, hours worked and so on before you take over.

**Q What support can I expect from Charles Wells Pub Company?**

**A** We have a wide ranging support package to help ensure that your business is successful. This is particularly important during the first twelve months of operation.

These include

- Compulsory accountancy package with a recommended company
- Agreed preferential terms with insurers
- Marketing support from the Pub Company marketing team
- Health & Safety information
- Licensing information
- Training - a comprehensive programme is available
- Technical Services – providing on site training and equipment maintenance
- Human Resources - advice on personnel issues
- Central Customer Support Unit – ready to answer and resolve your day to day issues
- Detailed five day induction programme – designed to provide all the information you need to run a Charles Wells pub.

You will also receive support from a dedicated Retail Development Manager. They will visit you regularly to discuss and develop your business. When required, your RDM will draw extra assistance from the Charles Wells business support package including menu and wine list planning, stock taking service and interior design.

**Q Who will I see from the Company?**

**A** Your main contact is your RDM who will discuss business issues with you on a regular basis. Day to day contact in respect of more general issues will be the Customer Support Unit. You will also see directors, dray crew, technical services and members of other support teams.

**Q What help is available if I get into financial difficulties?**

**A** Our financial support package should ensure you don't have financial difficulties. If you do face problems you must discuss the situation with your RDM. They will work with you to try to overcome the issues. Remember, the earlier you identify potential problems, the more your RDM will be able to do to help.

**Q Does the Company offer loans?**

**A** Under certain circumstances we will consider lending part of the capital investment required. At the very least you will need enough cash to buy the stock and glassware and pay for the security bond. Loans may also be considered for purchase of a computer.

**Q How do I obtain a Personal Licence?**

**A** The Licensing system has been through a period of significant change in recent years. You must now pass your NCPLH qualification and get your personal licence before you can run a pub. More specific details are available on a separate sheet, 'Guide to Getting a Personal Licence' or from the Charles Wells website ([www.charleswells.co.uk](http://www.charleswells.co.uk)).

**Q Do you Offer Discounts?**

**A** Yes. We have three discount schemes and details will be discussed at your second interview.

**Q What sort of income could I expect running my own pub?**

**A** It's very difficult to give a simple answer because so many factors influence business results - including the style of pub and the performance of the retail operator. However, we do ask applicants to complete a profit and loss forecast before they can be considered for a Charles Wells pub. This forecast should provide a reasonably accurate figure for you to work from. (Please see [www.charleswells.co.uk](http://www.charleswells.co.uk) for further information)

**Q What is the 'capital required' made up of?**

**A** It is an estimate of the finance you require to take on a pub tenancy and run your business.

It includes:

- Trade fixtures and fittings
- Security bond
- Stock and glassware
- Administration fee (e.g. legal agreements and licensing transfer)
- One months rent in advance
- Valuation fee
- Working capital
- Training as identified

Capital requirements can vary from as little as £10,000 up to £70,000. The amount will be dependent on the style of pub operation, existing inventory and the type of agreement.

**Q Do I get my money back when I leave?**

**A** The fixtures and fittings will be valued when you leave and you will receive this money back. The security bond and stock and glassware costs will also be repaid. However, any outstanding debts with Charles Wells Pub Company will be deducted from your final refund,

**Q Who values the Fixture and Fittings?**

**A** You need to employ an Independent Valuer to do this work on your behalf. We can supply names and addresses if you don't know anyone to act for you.

**Q What plans does Charles Wells Pub Company have for investing in its pubs?**

**A** Charles Wells Pub Company produces long-term investment plans. We are keen to invest in businesses that will show a good return for both Licensee and the Company. Our support services are also developed to help you build profitable and long-lasting business models. When you have established yourself in the business, please discuss any future investment ideas with your RDM. But remember that the investment process could take a long time to run from idea to completion. It's likely that you will be required to make a joint investment with Charles Wells, usually to improve the standards of the fixtures and fittings.

