

## **Owners for Owners: (*Horse Name*) – Summary of Partnership Principles**

**Horse: (Sex), born (year), by (sire) ex (dam)**

**Trainer: x**

1. The partnership has been formed to own the horse and have fun in the process.
2. The horse will be trained by the trainer, who will make all the key decisions relating to the horse's training and race plans.
3. The partners will each own one-sixth (16.66%) of the horse and pay outgoings / enjoy profits in that proportion.
4. Payments will be made by partners as and when requested by Owners for Owners. Profits may be either distributed or offset against future costs, as agreed by the partners.
5. Detailed estimates of all costs relating to ownership are calculated annually. All costs are fully transparent and owners are fully entitled to access the annual ongoing cost breakdowns.
6. If any partner stops payment without notice they are liable to forfeit their share of the horse, although that would only be a last resort if no agreement could be reached.
7. The partnership will be administered by Owners for Owners with a view to avoiding unnecessary expense.
8. VAT will be reclaimed. A small but reasonable charge will be made for VAT administration and overheads.
9. The Horse will continue to be insured by Owners for Owners for those partners who so desire; those who do not are free to make their own arrangements if required.
10. All owners are encouraged to enjoy the complete ownership experience, both on and off the racecourse.
11. In the first instance all partners agree to support the horse for up to two years, to the end of the second season, when there will be a review with the trainer. Subject to satisfactory recommendation from him we could then continue with the horse on a rolling, year-by-year basis until sale and / or retirement. However, an assessment will be made towards the end of the first training year and the views of the trainer sought with regard to likely progress and options for the following season.
12. If the horse is retired from racing, this will be done with the horse's welfare being paramount.

### **Partnership Principles in Practice**

#### **1. Purpose of the Partnership**

Unlike larger, commercial syndicates, Owners for Owners has been set up to help owners join forces to buy better horses. Our role is to facilitate that ownership rather than make profit from it. Each horse is owned by the partners for the partners; with the intention of decisions being made collaboratively, guided by the trainer. This document details the partnership principles in practice. The guiding principle is that the partnership has been formed to own the horse and to have fun in the process.

The horse will run in the name of the partnership, "Owners for Owners: (*horse name*)", in the colours of one of the partners, drawn by ballot, during the first year. In subsequent seasons, colours will be changed to give other partners the chance to see the horse run in their colours. If not already named, the name of the horse will be decided by the owners once the partnership has been formed.

#### **2. Trainer**

The horse will be trained for Flat racing by the Trainer, who will enter into a contract with the partners based on the standard contract terms as agreed between the Racehorse Owners Association and the National Trainers Federation.

#### **3. Ownership**

The partners will each own one-sixth (16.66%) of the horse, pay outgoings and participate in any sale price, prize money or other income in that proportion. A joint ownership will be registered with the BHA. Each partner will already be (or will become) a registered owner.

#### **4. Payments**

The partners will pay for the horse's purchase, keep, training and all associated costs up to and including eventual sale and / or retirement of the horse.

At the commencement of the partnership, each partner is sent two invoices. The first invoice is for one-sixth of the purchase price of the horse, including sales commission, agent's commission and / or trainer's expenses, vetting, transport and any other outgoings, plus VAT. However this is not a VAT invoice and the partner will not be able to reclaim their share of VAT, which will be reclaimed by Owners for Owners on behalf of the partnership.

The second invoice is for one-sixth of the estimated annual outgoings of the partnership. This can be paid in a lump sum at the commencement of the partnership year, or by quarterly or monthly instalments, the first instalment being due at commencement. Invoices may be paid by either cheque or a bank transfer. Instalments may be paid by monthly or quarterly standing order.

Annual outgoings include training fees; transport (per horse per mile); lads' expenses at the races; shoeing and plating, clipping, worming, feet trimming and other regular treatments; veterinary fees as required; and administrative, banking and registration charges. Owners for Owners will be invoiced directly by the trainer. Veterinary fees will also be invoiced directly to Owners for Owners or via the trainer. All invoices will be paid by Owners for Owners on behalf of the partnership from the partnership bank account, and VAT thereon reclaimed.

The estimated costs are by necessity only estimates. If partner payments prove insufficient to cover the costs, each will pay such additional sums as are necessary as and when required; if there is a surplus (including any profits / winnings and reclaimed VAT), it will be distributed or taken into account when calculating the next year's payments. Such additional payments / distributions will be in equal shares.

#### 5. Estimates of Cost

Estimates of likely costs are only that. Actual costs may be more or less. They can vary substantially, particularly if the horse spends any period out of training or requires non-routine veterinary treatment, or high-cost entries are made. At all times, costs will be fully transparent, with a spreadsheet available for inspection. For each subsequent season, an estimate of likely costs will be made and circulated. When the horse is not in full training or requires a period of rest or recuperation the trainer may reduce costs to turnout rate rather than full training fees, or the horse may be moved temporarily to a less expensive location. Equally, where we have more than one horse in training with the trainer and / or where we pay estimated annual training fees in advance, a discount may apply. This is always passed on to the partnership without any deductions.

The total costs of the partnership and the estimated budget are calculated from the following:

- a) **Acquisition of the horse**, i.e. actual auction hammer price, vetting, sales house commission, bloodstock agent's commission (if used), trainer expenses at the sales, transport from the sale.
- b) **Training and keep**, i.e. breaking, pre-training, full training (including gallops fees and estimated routine veterinary fees), out of training charges and farrier.
- c) **Registrations and racing expenses**, including race entry and jockey fees, transport and insurance, tips to stable staff, Weatherbys registration charges, additional owner badges if not provided by the racecourse, bank charges.
- d) **Owners for Owners administration charge** (see 7 below).

#### 6. Non-Payment

In the event of any partner stopping payment without notice and failing to make up the deficit within a reasonable period of time, that partner will be deemed to forfeit their share in the horse and the benefits of any future winnings or proceeds of sale. Should there be a loss, the remaining partners will be entitled to take such proceedings as seem appropriate to recoup the share of loss attributable to the defaulting partner. However, such action would only be a last resort if no agreement could be reached.

#### 7. Administration

Administration of the partnership will be carried out by Owners for Owners. Proper records will be kept, including those necessary for VAT registration and administration. All costs and accounts will be completely transparent and open to scrutiny by the partners at any time upon request. A maximum administration cost of £150 per partner per year will be charged to cover the necessary costs, including: VAT reclaims (done by Owners for Owners rather than Weatherbys), book-keeping, administration of registrations, preparation of annual accounts and maintenance of the web site.

#### 8. VAT

VAT can be reclaimed by the partnership on the purchase price of the horse, training fees and associated costs and reasonable expenses such as hotels and meals when owners visit the yard and the races to see the horse. Full records must be maintained and submitted to HM Revenue & Customs quarterly. Owners for Owners will do this on behalf of the partnership, with all VAT reclaimed going back into the partnership account to defray future costs.

#### 9. Insurance

The Horse has been insured with Amlin Plus for mortality and life-saving surgery (up to a maximum of £5,000) while at the risk of Owners for Owners. On formation of the partnership, each partner can decide whether to be involved in this insurance arrangement or not, going forward. Amlin provide fractional insurance for each partner who wishes to insure their proportion of the horse.

#### 10. Owner Involvement and Communication

Owners for Owners encourages each owner to be fully involved with the horse, both on and off the race track to maximise the enjoyment of owning the horse. Any partner can visit the horse at any convenient time, by agreement with the trainer. It is hoped that there will be occasions when all or the majority of owners can visit together.

In addition, Owners for Owners provides a regular schedule of communications: weekly email update, fortnightly update on all our horses, and updates and photographs stored in a privileged part of the owners' area of the web site. (Any owner not on email will receive communications and updates by post.) At the end of each year a detailed report is produced on each horse, together with an appropriate recommendation based on the horse's performance and the views of the trainer.

Owners will receive as much notice as possible of likely race entries. Where the horse races and jockey bookings are determined by the trainer. As soon as the horse is declared, each owner will receive an email update and Owners for Owners will arrange badges for collection at the racecourse. Each partner in the horse is guaranteed a complimentary badge every time the horse runs. When owners wish to take guests, complimentary badges will be obtained wherever possible, however some racecourses are less generous than others and it may be that a contribution will be required from the owner to cover the cost of the additional badges for their guest(s).

Because Owners for Owners is run at the lowest possible cost, there is no surplus available for additional hospitality. However owners often wish to meet up, share meals and on occasions hire private boxes etc. The cost of such hospitality will be charged, but only to those availing themselves of it.

#### 11. Term of the Partnership

In the first instance all partners agree to support the horse for up to two years, to the end of the horse's second season, when there will be a review with the trainer. Subject to a satisfactory recommendation, we will continue with the horse thereafter on a rolling, year-by-year basis until he is either sold or retired. However, an assessment will be made towards the end of the first training year (before the autumn sales) and the views of the trainer sought with regard to likely progress and options for the following season.

Equally, although we all hope that the horse turns out to be a high-potential and durable racehorse who runs for us for several years to come, that may not be the case and it helps to be clear on how a partnership may end, and / or how individual partners can exit if so required. Recommendations are as follows.

- a) If a partner wishes to dispose of their share in the horse, they should first offer the share to the other partners, who have first refusal. If they decline then the partner may dispose of the share to a third party.
- b) In the event of a sale within the partnership, the price will be agreed between the parties. In the event of disagreement, then two independent valuations will be obtained (one by the partner(s) wishing to sell), with the average of the two valuations being used as the basis for share buy-out; the costs to be borne by the partner(s) wishing to sell. There is no obligation on the other partners to buy the share.
- c) If three or more partners wish to sell their shares and to do so via a public auction, the horse will be offered for sale at the first suitable auction, where the other partners will be free to bid in the normal manner.

- d) If all partners wish to sell, this may be by private arrangement, public auction, or a selling or claiming race.
- e) If sale is by auction, all costs associated with it will be deducted from the proceeds of sale before distribution to the partners in proportion to their shares.
- f) In the event of (d) or (e) above, a reserve may be placed on the horse where an owner or owners intend to buy the horse back if that reserve price is not achieved and / or to ensure, so far as possible, that the horse goes to a good home.
- g) If the trainer recommends the sale or retirement of the horse, believing that to do so is in the best interests of the partnership and the horse, then that recommendation would normally be adopted.

**12. Retirement and Welfare**

In the event of the horse retiring from racing, and not being sold, then all reasonable steps will be taken to find a suitable home, with the horse's best interests being paramount, and with any short-term transitional costs being shared by the partners in proportion to their shares.

**13. Other Points**

If any day-to-day decisions are needed, but unanimity amongst the partners cannot be achieved, then the majority will prevail and any deadlock will be decided by the casting vote of Jon Hughes in conjunction with the trainer.

In the unlikely event of a serious disagreement amongst the partners that cannot be resolved amicably, the partners agree to seek arbitration pursuant to the Arbitration Acts 1950 – 1979.

The partners declare that they will abide by the British Horseracing Authority's Rules of Racing.