
- Specimen –

ON-FARM AGREEMENT

(Material and information in relation to farm partnerships may be obtained from the <http://www.teagasc.ie/collaborativearrangements/> or <http://www.agriculture.gov.ie> This specimen document has been compiled to assist farmers to make inquiries and to discuss proposals and alternatives with their Solicitors, Financial Advisors, Accountants, and other advisors. It is not intended for any other purpose. It is essential that each prospective partner prior to entering any agreement retain a Solicitor and Accountant. No responsibility or liability whatsoever can be accepted by those who compiled this document, or by the Law Society, for any loss suffered by any person as a consequence of relying on any matter contained in it or for any matter whatsoever. The draft legal document is intended as a specimen only. It should not be adopted even in part without taking specific legal advice from Solicitors and advice in relation to all relevant matters from Accountants and/or appropriate experts. Persons proposing to form a Partnership should request their own Advisors to draft a document adapted to the needs and circumstances of the persons involved, and which complies also with the terms of all relevant legislation.)

- SPECIMEN ONLY -

THIS ON-FARM AGREEMENT made on _____

BETWEEN

1. _____

of _____

-AND-

2. _____

of _____

(Together referred to as "the Parties")

This is the On-Farm Agreement referred to in The Partnership Agreement completed on this date between the same Parties (called in this document "The Main Agreement") for the purpose of forming a Farm Partnership. The parties have completed this On-Farm Agreement to regulate the day to day running of the business of the Partnership so formed.

THE PARTIES AGREE AS FOLLOWS:

The farming business shall consist of:

1. Responsibilities.

The main duties and responsibilities of each partner are as follows:

Name of First Partner

Enterprises and areas of responsibility

Name of Second Partner

Enterprises and areas of responsibility

2. Farm Records and Accounts.

It shall be the joint responsibility of all the Parties to ensure that detailed records of all matters relating to the business of the Partnership are kept and maintained. However, primary responsibility for keeping the following records is allocated to the following partners by agreement. These records will be kept up-to-date by the partner designated as responsible here.

<u>Records to be kept</u>	<u>Partner Responsible</u>
Management Performance Records	_____
EU/Department of Agriculture Schemes	_____
Accounting Information	_____
Other _____	_____

3. Partners' Accounts & Precedent Partner

All financial dealings between the partnership and a partner are to be written down in the partner's account, which is to be kept as part of each partner's overall accounts.

It is agreed that the following matters will be recorded in each partner's account:

- the partner's capital account will show his/her capital contributions
- the partner's current account will show the profits which he/she is entitled to draw from the partnership, his/her actual drawings and his/her undrawn profits.

The partners' accounts will be approved and signed at the Annual Review Meeting.

The accounting period of the Partnership will terminate on _____ in each year or such other date as the Partners may from time to time determine and record in the logbook.

It is agreed that the Precedent Partner will be _____

4. Management meetings.

The partners shall meet at the office of the partnership every _____ (day) at _____(time), to sort out current business and to report on their respective activities.

Management meetings shall be held at least once every two weeks.

The Partner responsible for organising the meetings will be _____

During these management meetings the partners will consider;

- work done during the previous week;
- work planned for the following week;
- meetings with external agencies;
- inspections or visits by agencies or services to the farm;
- any issues necessary which may assist in the good management of the partnership.

5. Logbook

A logbook shall be kept as a written record of the decisions taken during meetings. All decisions shall be recorded in the logbook and signed by all partners at or before the next meeting. This logbook shall be kept at the Partnership Office. The logbook shall be written up by: _____

6. Hours of Work during the Day

Flexibility is agreed to be necessary regarding the allocation of working hours.

Each partner agrees to do the work that he/she is primarily responsible for, excepting special circumstances. However, he/she will where necessary be prepared to take part in the work involved in other enterprises/sectors of the farm. Through joint discussions and good communication the partners shall endeavour to inform their respective partner(s) on work and performance levels in their respective areas of responsibilities. The partners thus agree their normal working hours as follows:

<u>Name of Partner</u>	<u>Hours of work</u>
_____	_____
_____	_____

7. Weekend Rosters, Public and Church Holidays

The following arrangements have been agreed:

Weekends off: _____

Public Holidays: _____

8. Holidays and Sick Leave

Each Partner will be entitled to _____ holidays each year exclusive of public holidays. The allocation of holidays shall be agreed once a year during a management meeting, at which the partner’s spouses shall also attend. The agreed arrangements shall be recorded in the logbook.

Absences owing to family, social or personal reasons will not be considered as holidays in the following cases: _____

In the event that a Partner is ill and incapable of working he must immediately notify the other Partners of that fact and keep them advised as to his progress and his intended date of return to work.

If a Partner is prevented from carrying out his duties as a partner because of illness or incapacity for more than _____ it shall be the responsibility of that Partner to arrange substitute labour at that Partner’s expense for the remainder of the duration of his illness or incapacity.

If requested by the other partner a partner shall submit to an examination by an agreed medical advisor within 14 days of a request in writing and if an agreement cannot be reached within five days of the request in writing the partner shall submit to examination by one of the medical advisers named in a list which shall be furnished by the facilitator following consultation by the facilitator with health or medical organisations as the facilitator shall see fit.

9. Agreed Off-Farm Income

The Agreed Off-Farm Income in respect of each Partner will be as follows:

<u>Name of Partner</u>	<u>Agreed Off-Farm Income</u>
_____	_____
_____	_____

10. Profits

(a) Division of Profits

Profits/losses will be shared as agreed in the Sixth Schedule to the Main Agreement.

(b) Salaries

The amount of salary agreed to be paid to each Partner as referred to in the Sixth Schedule to the Main Agreement was agreed at the Annual Review Meeting held on the _____ as follows:

<u>Name of Partner</u>	<u>“Salary”</u>
_____	_____
_____	_____

(c) Drawings

The monthly drawings to be made by each of the Partners were agreed at the Annual Review Meeting held on the _____ to be as follows:

<u>Name of Partner</u>	<u>Amount of Monthly Drawings</u>
_____	_____
_____	_____

These amounts may only be changed by agreement of the Partners and any such change will be recorded in the logbook.

Payments will be made monthly and they will be recorded in the partnership account books and in the accounts for each partner of the partnership. These payments will be made by standing order from the Partnership Bank Account to each partner’s private Bank Account.

(d) Overpayments

In the event that at any time an overpayment is made to a Partner from Partnership funds then the following provisions shall apply: _____

11. Reimbursement of Expenses and Payments in kind.

(a) Meal Costs

It is agreed that the cost of providing meals to employees shall be reimbursed to the Partner who provides them. Meal costs are to be agreed at the Annual Review meeting and written into the logbook.

(b) The partnership shall reimburse the following expenses entirely: _____

(c) The partnership shall reimburse the following expenses in part: _____

(d) The following payments shall be made in kind: _____

12. Payment to Spouses and Family Members who are not Partners.

It is agreed by the partners that any work done by the spouse or children of either party on behalf of the partnership shall only be done with the agreement of all parties. It will be dealt with as set out here. This was agreed at a meeting (at which all concerned were present) on the _____

A. the spouse/son/daughter will register for PAYE and the payment shall be treated as a partnership expense.

-OR-

B. the work is done in substitution for a Partner’s work, no payment will be made.

- OR -

C.

13. Insurance

(a) The Partnership shall take out the following Insurances Policies

- (i) Public Liability Insurance. The owner of the land shall be insured and all necessary steps will be taken to insure that the cover extends to the Partner using the lands.
- (ii) Employers’ Liability Insurance in respect of any employees of the Partnership
- (iii) Fire and General Risk Policies for all farm buildings and property used by the partnership
- (iv) Adequate Insurance shall be maintained at all times in respect of all cars and vehicles used by the Partnership (whether such remain in the ownership of individual Partners or their spouses or not)
- (v)
- (vi)

Fire and General Policies: If a policy is in the name of the landowner, that Partner shall be reimbursed by the Partnership the amount of any premium paid.

Where payment is received on foot of a claim under a Fire and General Risks Policy to the Partnership, the proceeds shall be applied towards reinstating the property damaged.

(b) Personal Insurances

Each partner agrees to take responsibility to obtain insurance cover against the following personal risks:

- (i) Public Liability Insurance to cover any personal and non-partnership business risks.
- (ii) Employers' Liability Insurance to cover any personal and non-partnership employees.
- (iii) Fire and General Risk Policies for family home and any other property whose use is not given to the partnership
- (iv)
- (v)

14. Bank

The Partnership Bank Account shall be maintained at: _____

The Partner responsible for lodging all incoming partnership funds to the partnership Bank Account, who will also take primary responsibility for paying partnership bills, will be:

15. Accountants

The Accountants/Auditors of Partnership shall be: _____

16. Solicitors

The Solicitors of the Partnership shall be: _____

-OPTIONAL-

17. Hire Of Machinery

The following machinery will be hired to the partnership

- (a) Machine..... Cost of hire.....
- (b) Machine..... Cost of hire.....

18. Year End and Annual Review Meeting

An Annual Review Meeting will be held each year. The Annual Review Meeting will take place at the partnership office.

Spouses of partners who are not themselves partners but take part in the work, and working heirs may attend the annual review meeting in an advisory capacity but shall not be entitled to vote.

This meeting will be held within three months of the end of the accounting year and following the completion of the accounts.

The annual accounts will be presented at the Annual Review Meeting.

The Accounts presented will include at least the following:

- the partnership annual accounts – including balance sheet and profits/losses account and their allocation to partners;
- the partners' accounts : current accounts, capital accounts and loan accounts;
- repayments of loans by the partnership to reimburse personal loans;

The accounts shall be approved and signed by the partners at the Annual Review Meeting or at an adjournment of the Annual Review Meeting.

A record of the decisions taken during an annual review meeting shall be entered into the logbook at the end of each meeting and signed by the Partners present.

19. Disputes

Any dispute as to the application or interpretation of this On-Farm Agreement shall be decided in accordance with the provisions of clause 26 of the Main Agreement. As agreed to in the main agreement the partners may appoint a facilitator. He/she shall act as an "honest broker" to be consulted by either partner regarding a difference of interpretation in the day-to-day implementation of the agreement. The partners shall agree the identity of the facilitator at their first partnership meeting.

It is agreed that the facilitator will be:

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and affixed their Email Address: _____

20. Dispatch of Waste

The Partners agree that they shall be jointly and severally responsible for the proper storage and disposal of waste, slurry, and effluent arising during the course of the partnership but excluding any such matter in existence prior to the commencement of the Partnership.

ON-FARM AGREEMENT: IN WITNESS WHEREOF the parties hereto have hereunto set their hands and affixed their seals the day and year first herein written.

SIGNED BY THE SAID _____

Date: _____

in the presence of: _____

Date: _____

SIGNED BY THE SAID _____

Date: _____

in the presence of: _____

Date: _____