



ADVICE TO OWNERS & RIDERS
DEVELOPING AND MAINTAINING A SUCCESSFUL
AND ENJOYABLE RELATIONSHIP



This Guide has been written to help owners and riders consider how they are going to structure, develop and maintain their relationship. It is not a definitive list of points to cover as every situation is different; how the relationship between an owner and rider is built is ultimately down to each owner and rider. It is hoped that this Guide will act as a useful “prompt” as to areas that owners and riders should discuss and that it will give some ideas as to various options around how a relationship might be developed.

Owners and riders are encouraged to discuss and agree their working relationship from the very start of their relationship. Too often relationships break down due to a lack of communication and understanding that then lead to unnecessary anxiety.

Unfortunately all horses do not reach their perceived potential. Owners and riders should be aware of this and manage expectations accordingly. Equestrian sport is a roller coaster of highs and lows.

It is recommended that every owner and rider have a written legal Agreement; this could be very formal eg a contract drafted by a solicitor, however if this is not the wish of the owner and rider an alternative would be for a “letter of understanding” to be produced and agreed, recording the outcome of any discussions. In the absence of a written agreement there will still be a legal contract but that contract will be completely oral. Of course the terms of such a contract are likely to be much more vague and this vagueness could cause problems further down the line.

This is a “Guide” and ultimately it is for each owner and rider to find a mutually beneficial way to develop their partnership.

This document is a “guide” and is intended to provide general information to assist owners and riders. It is not intended to be comprehensive nor to provide any specific legal or other advice and should not be acted or relied upon as doing so. It is not a substitute for obtaining professional advice appropriate to the specific situation.

COMMUNICATION

At the heart of every successful relationship there will be effective communication; some points to consider;

- What are the owner’s expectations when it comes to communication?
- What are the owner’s and rider’s preferred methods of communication and what “time of day” works for the owner and rider?
- What are the riders’ thoughts around what is realistic in terms of communication (a daily written report is perhaps not realistic V phone calls are very realistic)?
- What would the owner like to be told about, what do they expect to be told about, what are they not interested in?
- What decisions can the rider make without consulting the owner?
- Who communicates with whom regarding what? For example if the owner and the riders have secretaries / accountants when should they communicate and when should the rider speak personally to the owner.
- A rider may have horses belonging to a number of different owners and this should be recognised by owners and riders when developing an agreement.
- If a rider is supported by funding from a Member Body, the World Class Programme or Excel the rider should be open with the owner as to how this funding or support benefits their horse. (Please see below in “Running Costs”).

BUYING & SELLING HORSES

For some, the buying and selling of horses constitutes a significant proportion of their business. Buying and selling of horses is a business for many and they need to make a living. Whether it is part of a “trading” element of a business or a “one off purchase”, the following points should be considered;

- The rider has a responsibility to be open and honest with an owner
- Clear agreement should be reached on the budget; this should include the running costs and options around the buying/selling of the horse detailed below.
- Openness by all parties about commissions and Agents’ fees (see below).
- Clear agreement about what the aim of a purchase is, for example;
 - Buy to keep for as long as possible
 - Buy to reach a specific level of competition
 - Buy to target a particular competition, championships or Games and then be sold.
 - Buy to be sold as soon as a profit can be made (parameters around this should be agreed).
- What sort of pre-purchase vetting will be done on the horse and who will pay: Which Vet will do the vetting. How will the outcome on the vetting be discussed.
- Who pays for the rider to try the horse?
- Who pays for the shipping of the horse once purchased?
- A full declaration of who has paid / received what should be made from the rider to the owner. It is suggested that a Bill of Sale is produced and retained.
- An owner may decide to purchase a horse for a rider and not disclose what the horse has cost. This is of course the owner’s right but it would be sensible to discuss what happens if the horse is sold at a profit.
- If an owner is purchasing a % of a horse the rider should be open about the % the owner owns, the overall value of the horse and the owners decision making responsibilities / rights.

Some Common Practices.

- If a rider purchases a horse on behalf of an owner and the owner and rider have agreed to keep the horse for competition and not (in the near future) sell the horse, the rider might be paid a commission by the owner (by negotiation and agreement). The amount can vary and can be a set fee or a % of the cost of the horse, normally up to 10% depending on the purchase price of the horse. The rider should not also receive a commission from the seller. If a 3rd party Agent is involved this must be made clear and be transparent to both the owner and the seller of the horse. The Agent may receive a commission from the owner or the seller but not from both (the owner should ask for full disclosure). The amount should be declared to the owner by the seller and the rider.
- An agreement should be made in case the horse is sold and agreement reached regarding the amount of commission that will be paid to the rider.
- If the owner and rider buy a horse as a business investment the rider should not take a commission on the purchase of the horse.
- If an Agent is involved in the purchase or sale of a horse the Agent is entitled to a commission; normally up to 10% depending on the value of the horse. If more than one Agent is involved the commission should be shared by the agents but should normally not exceed 10% in total. An Agent should not take commission from the buyer and the seller. This should be transparent to all parties.
- Many horses purchased from professional dealers are subject to VAT. A private person (i.e. not registered for VAT) buying a horse cannot claim back VAT. A private person does not have to charge VAT on the sale of a horse, unless it is part of a business venture (which is registered for VAT), on the sale of a horse.

THE BUSINESS OF RUNNING / KEEPING A HORSE

Understanding and agreeing who pays for what is essential, if the partnership between owner and rider is going to be successful and harmonious. The following should be discussed and agreed;

- How will prize money be distributed; consideration should be given to taxes on prize money. If grooms receive a performance bonus is this deducted from the prize money?
- How will “prizes in kind” (e.g. cars / saddles etc) be distributed?
- Is the horse to be insured, if so what sort of insurance (death / loss of use / vet fees etc). Will “stay behind” insurance be taken out when competing abroad? Who pays any excess fees? How will any payout on a claim be distributed.
- What will the rider invoice the owner for, consider for example;
 - What does the basic livery cover and what are the additional charges
 - How will Vet fees be covered
 - Are feed additives or any deviation from a set standard feed pattern invoiced separately
 - Farrier costs
 - Facilities – rental e.g. gallops and use of e.g. spas / treadmills etc
 - Does the rider charge a riding fee for training and / or competitions
 - Entry fees and start fees (including stabling and MCP costs at competitions
 - Charges for FEI registration / change of owner fees
 - National registration fees (British Eventing / Dressage / Jumping)
 - Are there additional grooms’ charges for shows
 - Who pays the rider’s costs at shows and what is included (travel / accommodation / meals etc).
 - Will horsebox expenses be charged (Service ,maintenance, depreciation). Owners should note that new regulations mean that riders have to fulfil certain VOSA requirements which are time consuming and expensive.
 - What will happen, financially, when the horse is in a rest period (roughed off) – what will the rider invoice the owner for.
- Owners should fully understand and riders should explain, how transport costs are calculated.
- How will any share of the profits be distributed if a horse is sold? For example;
 - $(\text{Sale price}) + (\text{Net Prize money}) - (\text{Purchase price}) - (\text{All expenses}) = \text{£?}$
Each party might receive 50% / 50% of £?
 - Each party receive all their expenses and costs and a % division is made on the remainder of the profit.
- It should be agreed what happens if there is a loss on the horse or the expenses incurred are greater than the profit when sold.
- As a horse’s career progresses consideration should be given to the horse’s retirement if it is not to be sold: How will the decision be made, where will the horse be retired, who will fund its retirement.
- Under no circumstances should a rider invoice an owner for costs that have been claimed from the World Class Programme or other funding sources (such as BS for Nations Cups). The rider should be open with the owner as to what is funded from Programmes / other sources.

Variations on Agreements regarding the running costs and prize money.

It is down to each owner and rider to agree how their relationship will work. Some examples:

- The owner pays an agreed monthly or annual fee that covers everything and prize money is either retained by the rider, by the owner, or split between the owner / rider at an agreed %.
- The owner pays a monthly livery fee plus itemised expenses.
- The rider pays all expenses and retains all prize money

Sponsorship. The rider owns their own image rights but an agreement should be reached between a rider and owner regarding how a specific horse's image rights might be included in a sponsorship arrangement. It may be that a rider has a sponsor that wants to prefix a horse's name with a commercial name; again there should be open discussion with owners and all income / expenses discussed and agreed. Commercial prefixes cannot be used at the Olympic or Paralympic Games. There are also requirements and restrictions placed on riders supported through the World Class Programme.

TRAINING AND COMPETITIONS. Expectations and responsibilities should be discussed and agreed.

- The rider and owner should discuss and agree who has which decision making powers at or before a competition. This is essential, especially if a horse is joint owned by the rider and an owner.
- The rider will usually formulate and run the training and competition programme. Owners should think carefully about what they want their involvement to be and this should be agreed and discussed with the rider. It is not practical for an owner to dip their toe in and out of the training and competition programme.
- Riders and owners should agree the key competitions, targets (results) and rest periods for the horse.
- Most high level competitions will restrict the number of free tickets / passes for owners. FEI competitions are obliged to give accreditation to two owners of each horse (it is usually a requirement that one of the owners is listed in the FEI Passport).
- At Championships / Olympic & Paralympic Games, accreditation is very restricted and the rider may need the owner accreditation for key performance enhancing personnel (e.g. coaches). This needs discussing between rider and owner.
- Riders should keep owners briefed on where they are intending to compete and whether they are going to a competition to "train" or "try to win".
- Owners should plan where they want to go early and inform the rider as early as possible. It is not practicable for a rider to be running around at the last minute trying to arrange passes for owners. For key Team competitions the International departments at BD, BE, BS and BEF may be able to assist owners.
- Riders and owners should discuss what is practical in terms of the rider "looking after" the owner at a competition; better that expectation is "managed" and understood.

SYNDICATION There are various types of syndication;

- One Owner, one horse: with cost sharers where one person owns the horse (and takes the capital risks, losses and profits) but others in the syndicate pay a proportion of the running cost. In return the members are able to follow 'their' horse, share the excitement and socialise.
- Partnerships: A number of people jointly supporting fully one or more horses.
- Joint Ownership: from 3 - 4 people. The Member Bodies and FEI may only register a certain number of owners and riders and potential owners need to be very aware of these restriction. If there are more owners than the FEI etc will register the Ownership will have to operate under a Syndicate name thereby individual owners will not be named or one of the syndicate will be named as the lead owner.

Key Points to be considered.

- Each Joint Ownership/Syndicate will be required to nominate one person to BD / BE / BS / BEF as the person responsible and on whose instructions the Member Body can act.
- There must be clear agreement on the costs of purchasing and running the horse (see above) and how these costs are met. An agreement should also exist for if / when the horse is sold. It is highly advisable for a written contract to be in place for all syndicate members and the rider. Good legal advice is essential.
- A contract needs to cover what happens if a syndicate member wants to pull out of the syndicate or dies.
- The relationship is between the syndicate and the rider, not BD / BE / BS / BEF. Riders are generally very busy riding and unless they have a secretary to take on the role, the syndicate should have one designated / agreed point of contact and this person should then share all information with the remainder of the syndicate.
- Be clear on what expectations you have of the rider and ensure that these are clearly set out at the beginning of the relationship. How is a rider selected; what process will be used if some or all of the syndicate think that there should be a change of rider.
- A rider who does not communicate well or does not have a system for carrying out that communication will struggle to work with a syndicate.
- A syndicate needs to understand that a horse is not a machine. Horses can go lame and riders can get injured. Insurance must be discussed (see above).
- Changing a horse's name with the FEI is expensive.
- Ensure all the syndicate are clear what the system is for "joining" BE / BD / BS, what the costs are and what benefits are available.
- What will the syndicate be called?

Running the Syndicate

- Who will manage the syndicate and who is responsible for day to day decisions. Should this be the rider in conjunction with a designated manager/syndicate member who can act on behalf of all syndicate members.
- What are the communication channels and expectations?
- Who will pay for any administration / accounting costs of the syndicate?
- Who will send out invoices and to whom and how regularly?
- Shares – how many, their value, and the percentage holding of shares in the horse(s). Voting rights of all partners/syndicate members must be clear. One vote per member or pro-rata based on percentage share.
- How are the finances of the syndicate to be managed, who is responsible and who is authorised to sign cheques / make payments?
- Tax and VAT implications must be discussed and agreed.
- How will the costs / profits linked to THE BUSINESS OF RUNNING / KEEPING A HORSE (see above) be managed?
- Who decides what medical treatments the horse receives? Is there a cost cap?
- Who makes the decision regarding the competition and / or training programme?
- How is the decision made to sell the horse? How is a value of the horse agreed? How are the profits / losses of the sale agreed and distributed? What is the rider entitled to from the sale (including commission). See above.
- In eventing, what cross country colours will the rider wear?
- How will passes / accreditations / car passes be distributed; who decides who gets what? What are the processes and timelines around syndicate members requesting passes, tickets or hospitality?
- Will the rider host syndicate members at competitions; course walks / meeting with syndicates / hospitality etc. All should be discussed and agreed.

More information is available on the BD, BE, BS & BEF Websites

