

HEWITSONS

FARMING PARTNERSHIP AGREEMENTS



Although many farming businesses are carried on in partnership, it is quite often the case that the partners have not entered into a written Partnership Agreement, or if they have, that the Partnership Agreement is old and out of date.

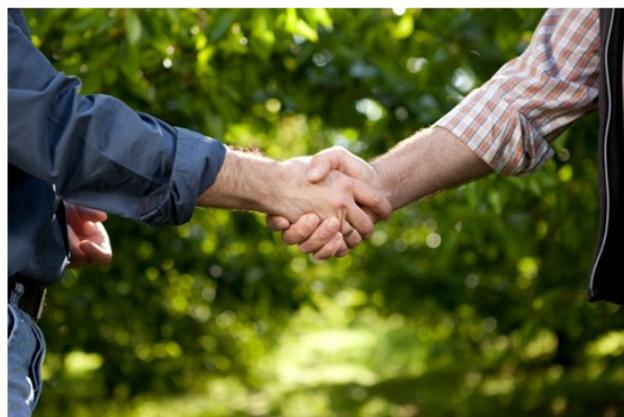
The absence of an up to date Partnership Agreement can give rise to uncertainty or disputes in a variety of difference circumstances. For example there may be disagreement on key business decisions or what should happen if a partner retires or dies. Perhaps some of the partners want to introduce a new partner but others do not or maybe a partner wants to withdraw some of his capital but the other partners disagree. All of these situations, and many more, can give rise to difficulties if there is no written agreement in place which sets out what should happen. In some cases this may mean having to rely on the default provisions in the Partnership Act 1890 which does not always produce the outcome which the partners want or expect.

Our Partnership Team has extensive experience of advising on and drafting farming Partnership Agreements. We will ensure therefore that the agreement covers all of the issues likely to affect farming partnerships such as:-

- How the Partnership capital is to be apportioned between the partners and how income and capital profits or losses are divided.
- Whether the farmland and farmhouses are to be treated as Partnership assets or personal assets which are used by the Partnership under a licence or tenancy arrangements.
- How to structure the Partnership to take advantage of tax reliefs.
- How the Partnership will be managed and which decisions require a unanimous vote of all partners.
- The various rights and duties of each of the partners.
- The procedure to be followed if a partner retires or dies and how his or her partnership share should be dealt with.
- The right of a partner to withdraw partnership property from the partnership.
- The relationship between the Partnership Agreement and the partners' wills so as to ensure consistency between the two.
- The rights of the partners to dissolve the partnership and how the assets of the Partnership are treated on a dissolution.

As well as advising on Partnership Agreements we can also help with any general partnership issues which may arise or offer guidance on the pros or cons of different types of partnership structure.

If you do become involved in a partnership dispute for any reason then our Partnership Disputes Team can advise further on this.



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This document is written as an outline guide only and any action should not be based solely on the information given here. Appropriate professional advice should always be taken in specific instances.

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