

Why list dividend payments?

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PD writes: My accountants are listing the dividends paid to individual directors and their families in the accounts. This is the first time we are doing this as I understand there has been a change in the law. Is this correct or can we shortcut the requirement as the amount paid to one of the directors may be a sensitive issue?

Following the removal of the requirement to disclose directors' shareholdings in the directors' report, dividends payable to directors will now be shown in the accounts as related party transactions, writes Jon Sutcliffe, partner at Kingston Smith LLP. This is the same requirement that necessitates the disclosure of any other transaction with a director, as well as any transaction in which they have an interest. It is thought to be an unintended consequence of a simplification of the disclosure requirements.

Previously, the directors' interests in the shares of a company were shown on the Directors' Report. This included shares held by certain family members.

There is no problem with continuing to disclose this information voluntarily. There would then be no need to disclose individual dividend amounts, although the directors' family interest share of dividends could be calculated from the accounts.

If the concern is over the accounts filed at Companies House, then abbreviated accounts may help if you qualify as a small company. This will avoid the disclosure of dividend amounts in the accounts altogether.

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