

**SPECIFICS OF DISTRIBUTION OF PROFITS IN JOINT-STOCK COMPANIES**

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**Abstract.** Any commercial organization is interested in obtaining the maximum profit. Today, during the global financial crisis, companies try to keep their level in order not to become out of business and lose their profit. Nowadays it is quite important to use basic techniques improving the distribution and use of profits correctly to carry out more effectively its activities in the current global economic situation. During the process of distribution of profits, first of all, it is necessary to evaluate the competitive environment which may dictate the need for a substantial expansion and renewal of a productive potential of the economic entity. This article examines trends and ways of improving the efficiency of use of profit in commercial companies (particularly in joint stock companies) in present economic situation.

**Keywords:** joint-stock company; distribution of profits; financial resources; profit distribution stages.

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An orientation of organizations towards profit earning in developed market's relations is an indispensable condition for their successful business activities and a selection criterion of optimal tendencies and methods for this activity. Except large business there is also a small business. Many authors use the term "small business", which is understood as a private enterprise, based on the entrepreneurial idea of having a sufficiently high-risk established in order to obtain profits [6]. However, under these conditions we may emphasize the issues of reliable and stable functioning of large organizations, which depend to a great extent on public corporations and joint-stock companies. Permanent competitive recovery and linked to it increase of capitalization, stable market positioning and the dynamic entering to new markets, strong opposition to attempts of unfriendly absorption, robust performance, adjusted development strategy and a lot of other attendant issues are on the agenda and they are the vital tasks for large stock-companies [5]. As a result, it is necessary to carry out a detailed study of such issues as the formation and development of joint-stock companies, evaluation of their effectiveness and achieving of sustainable-development. The necessity in dispensation of effective management of the formation and

distribution of profit is linked to its increasing role as a nonpublic source of finance and implementation of business's social responsibility in today world. This, in its turn, requires building of a reliable informational background for management decision making, which is represented by the accounting system of the enterprise.

Currently an identification of profit and tendency for its further distribution and use are foremost goals for an enterprise accounting to meet the informational inquiries of the user information and successful activity of the economic entity as a whole.

A major demand which is applied today to the distribution system of profit is that it should provide needs of extended reproduction with financial resources by establishing a balance between the funds allocated for consumption and accumulation. During the process of distribution of profits, first of all, it is necessary to evaluate the competitive environment which may dictate the need for a substantial expansion and renewal of a productive potential of the economic entity. In accordance with it, one should estimate the scope of deductions from profits to funds of developing production, which resources are aimed for the financing of capital investments, increase of circulating assets, supplying of the research activity, the introduction of new technologies,

the transition to advanced methods of work, etc. [3].

An important aspect of the distribution of profits is to determine the proportion of dividing the profit into capitalized and expendable parts, which are designated in accordance with constituent documents, the interests of founders, and are determined by the business development strategy. An appropriate mechanism of profit distribution remaining at the disposal of the enterprise is legally established for each form of the enterprise [4]. It is based on the features of the internal organization and management of enterprises' activity depending on the appropriate forms of property. Distribution of profits should pass through several stages, starting from predesign of business costs and ending with the immediate disbursement of material remuneration to investors and employees.

Net profit in joint-stock companies is distributed in the context of its funds: the surplus fund, the accumulation fund, the consumption fund and into the dividend fund for senior and ordinary stocks [4]. A committee of directors usually works out a policy of a stock company in the profit distribution of the company and then it should be confirmed at the stockholders meeting.

One of the characteristics of distribution of profit in joint-stock company is the need for a surplus fund, with its volume from 10 to 25 % of the sum total of authorized capital [1]. Besides, a part of the profits of a joint-stock company can be directed to accretion of authorized capital of the organization.

A complexity of the formation and use of profit as an economic category of commodity production now depends on many factors and is connected with the maturity of commodity-money relations and forms of property. It is also under the influence of unification tendencies of the world economy. Today analysts, investors, lenders, regulating authorities and regulatory agencies analyze

and compare a profit, which is the most important indicator of a cost-effectiveness of the organization activity [2]. An interest of companies and their employees in constant growth and improvement of production, as well as ways of improving its effectiveness depend on the perfection of forms and methods of distribution of profit.

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