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## **FORMATION AND DISTRIBUTION INCOME OF THE ENTERPRISE**

**Gulu-zade Elmir, Bugayko Dmitriy, Alekperova Farida.** *"Formation and distribution income of the enterprise". Regardless of the profile of the enterprise, in the process of activity, the formation of its income always occurs. It is this aspect of the activity that is most important for all stakeholders - the owners of the enterprise, employees, the state, since the successful formation and proper distribution of income allows all participants in production activities to ultimately achieve their financial goals - primarily increasing welfare and quality of life, making a profit. Income is the primary incentive to create new or develop existing enterprises. The opportunity to make a profit encourages people to look for more efficient ways to combine resources, to invent new products that may be in demand, to apply organizational and technical innovations that promise to increase production efficiency. Working profitably, each enterprise contributes to the economic development of society, contributes to the creation and enhancement of social wealth and the growth of the well-being of the people. Regardless of the profile of the enterprise, in the process of activity, the formation of its income always occurs. Income is the primary incentive to create new or develop existing enterprises. The opportunity to make a profit encourages people to look for more efficient ways to combine resources, to invent new products that may be in demand, to apply organizational and technical innovations that promise to increase production efficiency. Working profitably, each enterprise contributes to the economic development of society, contributes to the creation and enhancement of social wealth and the growth of the well-being of the people. An important task of every enterprise is to obtain large incomes, at the lowest cost, by saving in spending money and increasing the efficiency of their use. This means that all expenses are covered by the corresponding income. In this regard,*

*the role of special knowledge in the field of economic analysis and planning increases: income, search for reserves to increase profits and profitability.*

**Keywords:** enterprise, income, formation, distribution, financial goals.

**Гулу-заде Ельмір, Бугайко Дмитро, Алекперова Фаріда. «Формування та розподіл доходу підприємства».** Незалежно від профілю підприємства, в процесі діяльності завжди відбувається формування його доходу. Саме ця сторона діяльності є найбільш важливою для всіх зацікавлених сторін – власників підприємства, працівників, держави, оскільки успішне формування та правильний розподіл доходів дозволяє всім учасникам виробничої діяльності в кінцевому підсумку досягти своїх фінансових цілей – насамперед підвищення добробуту і якості життя, отримання прибутку. Дохід є основним стимулом для створення нових або розвитку існуючих підприємств. Можливість отримання прибутку спонукає людей шукати більш ефективні способи об'єднання ресурсів, винаходити нові продукти, які можуть мати попит, застосовувати організаційні та технічні нововведення, які обіцяють підвищення ефективності виробництва. Працюючи прибутково, кожне підприємство сприяє економічному розвитку суспільства, сприяє створенню і примноженню суспільного багатства, зростанню добробуту людей. Незалежно від профілю підприємства, в процесі діяльності завжди відбувається формування його доходу. Дохід є основним стимулом для створення нових або розвитку існуючих підприємств. Можливість отримання прибутку спонукає людей шукати більш ефективні способи об'єднання ресурсів, винаходити нові продукти, які можуть мати попит, застосовувати організаційні та технічні нововведення, які обіцяють підвищення ефективності виробництва. Працюючи прибутково, кожне підприємство сприяє економічному розвитку суспільства, сприяє створенню і примноженню суспільного багатства, зростанню добробуту людей. Важливим завданням кожного підприємства є отримання великих доходів при найменших витратах за рахунок економії витрачання коштів і підвищення ефективності їх використання. Це означає, що всі витрати покриваються відповідними доходами. У зв'язку з цим зростає роль спеціальних знань у галузі економічного аналізу та планування: доходів, пошуку резервів збільшення прибутків і рентабельності.

**Ключові слова:** підприємство, дохід, формування, розподіл, фінансові цілі.

**Гулу-заде Ельмір. С., Бугайко Дмитрій, Алекперова Фаріда. "Формирование и распределение дохода предприятия".** Вне зависимости от профиля предприятия, в процессе деятельности всегда происходит формирование его дохода. Именно эта сторона деятельности наиболее важна для всех заинтересованных сторон – собственников предприятия, работников, государства, поскольку успешное формирование и правильное распределение доходов позволяет всем участникам производственной деятельности в конечном итоге достичь своих финансовых целей – прежде всего повышения благосостояния и качества жизни, получения прибыли. Доход является основным стимулом для создания новых или развития существующих предприятий. Возможность получения прибыли побуждает людей искать более эффективные способы объединения ресурсов, изобретать новые продукты, которые могут быть востребованными, применять организационные и технические нововведения, обещающие повышение эффективности производства. Работая прибыльно, каждое предприятие способствует экономическому развитию общества, способствует созданию и приумножению общественного богатства, росту благосостояния людей. Вне зависимости от профиля предприятия, в процессе деятельности всегда происходит формирование его дохода. Доход является основным стимулом для создания новых или развития существующих предприятий. Возможность получения прибыли побуждает людей искать более эффективные способы объединения ресурсов, изобретать новые продукты, которые могут быть востребованы, применять организационные и технические новшества, обещающие повысить

*эффективность производства. Работая прибыльно, каждое предприятие вносит свой вклад в экономическое развитие общества, способствует созданию и приумножению общественного богатства, росту благосостояния народа. Важной задачей каждого предприятия является получение больших доходов при наименьших затратах за счет экономии расходования денежных средств и повышения эффективности их использования. Это означает, что все расходы покрываются за счет соответствующих доходов. В связи с этим возрастает роль специальных знаний в области экономического анализа и планирования: доходов, поиска резервов увеличения прибыли и рентабельности.*

**Ключевые слова:** предприятие, доход, формирование, распределение, финансовые цели.

**Introduction.** The relevance of this topic lies in the fact that income is one of the main factors determining the final financial result of the enterprise. The practical significance of the work lies in the development of specific proposals aimed at increasing the income of the enterprise. As a result of the above, the increase in income at the enterprise today becomes extremely relevant. Analysis of income allows you to identify the main factors in the development of the enterprise, how efficiently resources are used, the potential of the enterprise, as well as determine the influence of external and internal factors on the amount of income, the order of their distribution. In addition, payments from profits to the budget form the bulk of the resources of the state, regional and local authorities.

The elements of scientific novelty in this article were the proposed sequence of income analysis in combination with the directions for improving the formation and distribution of enterprise income. Despite the multidimensional consideration of the actual problems of accounting for the income of enterprises, the questions of directions for its improvement are beyond doubt, however, there are differences in the methodological approaches of researchers to their definition. This circumstance, combined with the relevance of the problem under study, determined the choice of the topic, object and subject of the study, the formulation of its goals and objectives. Income is the primary incentive to create new or develop existing enterprises. The opportunity to make a profit encourages people to look for more efficient

ways to combine resources, to invent new products that may be in demand, to apply organizational and technical innovations that promise to increase production efficiency. Working profitably, each enterprise contributes to the economic development of society, contributes to the creation and enhancement of social wealth and the growth of the well-being of the people. An important task of every enterprise is to obtain large incomes, at the lowest cost, by saving in spending money and increasing the efficiency of their use. This means that all expenses are covered by the corresponding income. In this regard, the role of special knowledge in the field of economic analysis and planning increases: income, search for reserves to increase profits and profitability.

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multidimensional consideration of the actual problems of accounting for the income of enterprises, the questions of directions for its improvement are beyond doubt, however, there are differences in the methodological approaches of researchers to their definition. This circumstance, combined with the relevance of the problem under study, determined the choice of the topic, object and subject of the study, the formulation of its goals and objectives.

An important task of every enterprise is to obtain large incomes, at the lowest cost, by saving in spending money and increasing the efficiency of their use. This means that all expenses are covered by the corresponding income. In this regard, the role of special knowledge in the field of economic analysis and planning increases: income, search for reserves to increase profits and profitability. The relevance of this topic lies in the fact that income is one of the main factors determining the final financial result of the enterprise. The practical significance of the work lies in the development of specific proposals aimed at increasing the income of the enterprise.

As a result of the above, the increase in income at the enterprise today becomes extremely relevant. Analysis of income allows you to identify the main factors in the development of the enterprise, how efficiently resources are used, the potential of the enterprise, as well as determine the influence of external and internal factors on the amount of income, the order of their distribution. In addition, payments from profits to the budget form the bulk of the resources of the state, regional and local authorities.

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differences in the methodological approaches of researchers to their definition. This circumstance, combined with the relevance of the problem under study, determined the choice of the topic, object and subject of the study, the formulation of its goals and objectives. The process of formation and distribution of the company's income is of particular importance for stimulating the sustainable development of the aviation industry in the context of the globalization of the world economy [1 - 3].

**The purpose of the article** is to provide structural analysis of formation and distribution income of the enterprise.

#### **Presentation of the main results.**

##### *Economic content of enterprise income*

With the transition of the state economy to the foundations of a market economy, the multidimensional importance of income is enhanced. A joint-stock, leased, private or other form of ownership enterprise, having gained financial independence and independence, has the right to decide for what purposes and in what amounts to direct the income remaining after paying taxes to the budget and other mandatory payments and deductions.

Earning income is an indispensable condition and the goal of entrepreneurship of any economic structure; the effectiveness of management is assessed; profit is the main source of financing for economic and social development; profitability serves as the main criterion for choosing investment projects and programs for optimizing current costs, expenses, and financial investments.

Thus, profit acquired the most important, leading role in the new economic and financial mechanism for managing socio-economic development. This is the basis for financial stability and ensuring the income of enterprises, the state, and the population.

Income - as a criterion for the efficiency of reproduction and as an indicator that has two boundaries - the volume of production or services (sales) and the cost - has one important property: it reflects the end result

of intensive and extensive development. The latter is related to the factor of growth in production volume and natural savings from a relative decrease in conditionally fixed cost elements: wage fund (accordingly, accruals going to off-budget funds), depreciation, energy fuel, payments to the budget for resources, non-production and some other expenses.

As for the process of profit and cost planning, it has been democratized, i.e. left the center for enterprises that are free from control from above until the moment of taxation. However, in the event of a decrease in the volume of production and sales of products, the fall in profit and profitability occurs at a faster rate of decline in volume. Such a negative phenomenon is especially sensitive for "spurring" inflation: after all, relative savings on conditionally fixed costs, in particular on wages (except for pieceworkers), turn into overspending. And the faster the volume falls, the more sharply the income should decrease, undermining the already unstable revenue base of the budget.

Income - monetary or other values received as a result of any activity.

Income is the result of production and economic activity, obtained as the difference between the cost of goods and services sold and the costs incurred.

Income is a sum of money regularly and legally coming into direct possession of the subject of market relations. In doing so, the following points must be emphasized:

1. Income is usually represented by money;
2. Regularity of receipt;
3. The criterion of legality.

In a broad sense, "income is a monetary assessment of the results of the activities of any subject of a market economy (legal entity and individual)". This definition is complete as it does not include income from recipients who are already or not yet able to participate in economic activity. Whose monetary

income comes in the form of transfer, i.e. refunds from the budget.

The desire to maximize one's income dictates the economic logic of behavior for any market entity. It acts as an ultimate goal and a powerful stimulus for mass everyday entrepreneurship.

The receipt by the firm of income indicates the sale of products, the expediency of the costs incurred, and the public recognition of the consumer properties of the product.

The main source of income is the proceeds from the sale of products, namely that part of it that remains minus material, labor and monetary costs for the production and sale of products. Consider the types of income of the enterprise (types of revenue from the sale of products):

Total (gross) income is the total amount of money received from the sale of a certain amount of goods. It is determined by multiplying the price of a good by its quantity:

$$QP = TR \quad (1)$$

where TR - total revenue (revenue) - total revenue.

In conditions of pure (perfect) competition, the firm sells its products at a constant price. Consequently, its income will be in direct proportion to the number of products sold. Therefore, the curve of total income (TR) has the form of a straight ascending line.

Average income (AR) is the proceeds from the sale of a unit of production, i.e. gross income per unit of product sold. It acts as the price per unit for the buyer and as income per unit for the seller.

Average income is the quotient of total income divided by the number of products sold.

At a constant price, the average income AR is equal to the selling price, which is obvious from the above formula:

$$AR = TR/Q = PQ/Q = P \quad (2)$$

Therefore, price and income in economic theory act as one and the same phenomenon, which is only considered from different points of view. It makes sense to calculate the average income (AR) for a certain period only if the prices for manufactured homogeneous products change (or if the firm focuses on the production of a number of models, products, etc.).

Marginal (additional) income (MR) is the additional income to the gross income of the firm received from the production and sale of one additional unit of goods. It makes it possible to judge the efficiency of production, because it shows the change in income as a result of an increase in output and sales of products by an additional unit.

Marginal revenue (MR) allows you to evaluate the possibility of payback for each additional unit of output. In combination with the indicator of marginal cost, it serves as a cost guide for the possibility and expediency of expanding the volume of production of a given firm.

Marginal revenue is defined as the difference between the gross income from the sale of  $n + 1$  units of goods and the gross income from the sale of  $n$  goods:

$$MR = TR_{n+1} - TR_n \quad (3)$$

Under perfect competition, the firm sells additional units of output at a constant price, since any seller cannot influence the established market price. Therefore, marginal revenue is equal to the price of the good, and its curve coincides with the curve of perfectly elastic demand and average income:

$$MR = D = AR = P \quad (4)$$

The most important factors in the growth of the company's income are:

- Increasing the volume of production and sales of products;
- Introduction of scientific and technical developments;
- Increasing labor productivity;

- Cost reduction.

The amount of income of the enterprise is one of the results of its economic activity. The income of the enterprise is the financial basis of its activities. The most complete economic essence of the income of the enterprise is manifested through the following major tasks, the implementation of which they provide:

1) Reimbursement of all current costs (expenses) associated with the implementation of its economic activities. The implementation of this task ensures the self-sufficiency of the current economic activity of the enterprise;

2) Ensuring the payment of various types of tax payments that ensure the formation of funds from the state and local budgets, extra-budgetary funds. The implementation of this task ensures the fulfillment of financial obligations to the state;

3) Formation of profit of the enterprise. The fulfillment of this task provides self-financing of the development of the enterprise in the coming period. [5]

Thus, income is a sum of money regularly and legally coming into the immediate disposal of the subject of market relations. The goal of any business is to maximize revenue. The receipt by the firm of income indicates the sale of products, the expediency of the costs incurred, and the public recognition of the consumer properties of the product. Income from the sale of products (works, services) is the main type of income for commercial organizations in modern economic conditions.

#### *Enterprise income classification*

An organization's income is one of the elements (along with expenses) of information on the financial results of an organization's activities that is generated in accounting and reflected in the income statement. The procedure for reflecting income in the accounting of an organization is defined in the law of the Republic of Azerbaijan dated June 29, 2004 No. 716-IIG on accounting. This law provides the following

definition of income. An organization's income is recognized as an increase in economic benefits as a result of the receipt of assets (cash, other property) and (or) the repayment of obligations, leading to an increase in the capital of this organization, with the exception of contributions from participants (property owners). Future economic benefits are the potential for the property to directly or indirectly contribute to the cash flow of the entity. An item of property is considered to bring future economic benefits to the entity if it can be

- a) used separately or in combination with another asset in the process of production of products, works, services intended for sale;
- b) exchanged for another asset;
- c) used to pay off obligations;
- e) distributed among the owners of the organization. [6]

Capital is the balance of the organization's economic assets after deducting accounts payable from them. In other words, the amount of capital is calculated according to the balance sheet as the difference between assets and liabilities. According to the Regulations on Accounting and Reporting, the organization's equity includes authorized (share), additional and reserve capital, retained earnings and other reserves; According to the above law, the following receipts to the organization of funds from legal entities and individuals are not considered income:

- 1) the amount of value added tax, excises, sales taxes, export duties and other similar obligatory payments;
- 2) receipts under commission agreements, agency and other similar agreements for the benefit of the committent, principal, etc.
- 3) receipts in the order of advance payment for products, goods, works, services, as well as advances on account of payment for products, goods, works, services;
- 4) a deposit to secure obligations;
- 5) receiving property as a pledge;
- 6) receipts of funds, other property to repay a loan, a loan granted to a borrower.

A clear classification of income and expenses is the basis for a reasonable determination of the net result of activities for a certain period. In addition, classification is necessary for:

- 1) determining from which source the main part of the income and profit of the reporting period was received;
- 2) separation of the production cost of products and non-production costs, including management and sales costs, as well as costs for financial activities;
- 3) separation of fixed and variable costs for the purposes of managerial and financial analysis. [7]

In this regard, the following classification of income has been established depending on their nature, the conditions for receiving and the activities of the organization:

- 1) income from ordinary activities;
- 2) other income.

Previously, other income was divided into:

- 1) operating income;
- 2) non-operating income;
- 3) extraordinary income.

Now in accounting, these incomes of the organization are grouped into other incomes.

The organization independently relates all income received to income from ordinary activities or to other income. At the same time, the organization is guided by its accounting policy, in which it determines the methodology for grouping income.

Let us consider in more detail the classification of the organization's income.

Income from ordinary activities is the proceeds from the sale of finished products, goods, performance of work, provision of services. [8]

A part of the income is allocated, which can relate either to income from ordinary

activities or to other income. These include, in particular:

- 1) rent for assets transferred by the organization for temporary possession and use;
- 2) license payments (including royalties) for the use of intellectual property. These payments are received by the organization that granted for a fee the rights arising from patents for inventions, industrial designs and other types of intellectual property;
- 3) income related to the participation of the organization in the authorized capital of other organizations.

If the operations from which the organization received one of the listed types of income are the subject of the organization's activities, then this income is recognized as income from ordinary activities. Otherwise, it is other income.

It should be noted that the concepts of the type of activity and the subject of activity are not identical. The type of activity is always specified in the charter of the organization. And the proceeds from this type of activity, regardless of its size, will always be income from ordinary activities.

The ratio of certain business operations of the organization to the subject of its activities is determined on the basis of materiality. An indicator is considered significant if it has a sufficient impact on the assessment of the financial position, the financial result of the organization and the cash flow. The organization determines the criterion of materiality in its accounting policy. It is set as a percentage and expresses the ratio of a given indicator to the sum of the same indicators. When determining the criterion (or threshold) of materiality, the organization proceeds from the assessment of the indicator, its nature and specific circumstances of occurrence. In the practice of our country, as a rule, a materiality threshold equal to or greater than 5% is applied.

Other income (income) of the organization includes, in particular, the following income:

1) the following receipts, if they are not recognized as income from ordinary activities:

- lease payments (receipts related to the provision for a fee for temporary use of the organization's assets);
- license payments for the use of intellectual property;
- income related to participation in the authorized capital of other organizations (including interest and other income from securities).

2) profit received by the organization as a result of joint activities (under a simple partnership agreement);

3) proceeds from the sale of fixed assets and other assets other than cash, products, goods.

4) interest received for the provision of the organization's funds for use:

- under loan agreements concluded with legal entities;
- under loan agreements concluded with individuals (including their employees);
- under bank deposit agreements.

5) interest for the use by the bank of funds on the account of the organization in this bank;

6) revaluation of financial investments;

7) negative business reputation of the organization;

8) positive exchange rate and sum differences relating to interest received under loan agreements in foreign currency, in which the debt obligation is denominated in foreign currency or conventional monetary units.

The sum difference is understood as the difference between the manat valuation of the actually received asset, expressed in foreign currency, calculated at the official exchange rate, and the manat valuation of

this asset, calculated at the official exchange rate.

Other income also includes income that was previously considered as non-operating income:

- 1) fines, penalties, forfeits for violation of the terms of the contract;
- 2) assets received free of charge, including under a gift agreement;
- 3) receipts, in compensation for the losses caused to the organization;
- 4) profit of previous years, revealed in the reporting year;
- 5) amounts of accounts payable and depositor's debts for which the limitation period has expired;
- 6) exchange rate differences;
- 7) the amount of revaluation of assets;
- 8) surplus assets identified during the inventory.

Now other income is also considered to be receipts arising as a result of extraordinary circumstances of economic activity (natural disaster, fire, accident, nationalization, etc.). In particular, these include:

- 1) insurance indemnity;
- 2) the cost of material assets remaining from the write-off of assets unsuitable for restoration and further use.

These incomes may include other incomes similar to those discussed above.

Thus, the above Law in the classification distinguishes income from ordinary activities and other income. Income from ordinary activities is the proceeds from the sale of finished products, goods, performance of work, provision of services. Other income includes income not related to the normal activities of the enterprise.

#### *The process of formation and distribution of enterprise income*

The process of income management includes a mechanism for their formation and distribution. Income is understood as an

increase in economic benefits in the form of receipts of assets or a decrease in liabilities, they lead to an increase in the value of the enterprise's own capital (with the exception of its changes resulting from additional contributions from the owners).

All incomes are divided into several groups:

- 1) income from ordinary activities;
- 2) other income.

The formation of enterprise income in the financial management system is determined by a number of the following indicators of profit and income:

1. Net proceeds from the sale of products (works, services) is the gross proceeds from the sale less value added tax, excises, returned goods and price discounts. It is this indicator that is the real basis for the subsequent calculation of profit indicators and the assessment of the profitability of the enterprise.

2. Gross profit from sales - net proceeds from sales minus production costs for products sold. This indicator allows you to analyze the effectiveness of the production activities of the enterprise.

3. Profit (loss) from core activities - gross profit from sales minus management costs and distribution costs. This indicator reflects the impact of management and marketing expenses on the financial result from sales.

4. Profit from financial activities - the balance of income and expenses from financial activities. This indicator is necessary in order to separate the profit from the production and economic activities of the enterprise from such sources of profit as the receipt of interest and dividends by the enterprise, foreign exchange transactions, etc.

5. Other income;
6. Profit (loss) before tax. [9]

The process of forming the income of an enterprise is refracted through the current

procedure for recording operations on the financial and economic activities of enterprises. They are greatly influenced by the accounting policy adopted by the enterprise. The policy pursued by the enterprise within the framework of the current legislation and the regulation on accounting for financial and economic activities, aimed at optimizing the financial aspects of the enterprise's activities in the coming year, is the accounting and financial policy of the enterprise.

In modern conditions, the main goal of income management in an enterprise is to create an income management system in accordance with Figure 1.

It is to determine in the most efficient way the price that a buyer would be willing to pay for a certain set of goods and services, and to explore the possibility of selling these sets to buyers at that price.



Figure 1 – Target settings for the formation of enterprise income

Consider the process of distribution of income received by a commercial organization in the course of financial and economic activities.

From an economic point of view, the process of distribution of enterprise income can be represented as follows:

1. Coverage of production costs and losses.

2. Distribution of net income for purposes aimed at the development of the enterprise (economic, technical, social, etc.).

From the point of view of accounting, the distribution of income received by the organization takes the form of expenses of the organization.

The organization's expenses are one of the elements (along with income) of the information on the financial results of the

organization's activities that is generated in the accounting records, which are reflected in the Profit and Loss Statement.

The organization's expenses are the decrease in economic benefits as a result of the disposal of assets (cash, other property) and (or) the emergence of liabilities, leading to a decrease in the capital of this organization, with the exception of a decrease in contributions by decision of the participants (property owners).

Expenses include material costs, costs for the production of products (works, services), remuneration of employees and management personnel, depreciation, other costs, as well as losses (losses from natural disasters, sales of fixed assets, changes in exchange rates, etc.). Expenses are recognized in the income statement when the resulting decrease in future economic benefits due to a decrease in assets or an increase in accounts payable can be measured with a reasonable degree of reliability. [10]

For accounting purposes, the organization's expenses are divided into expenses for ordinary activities and other expenses.

Expenses related to ordinary activities include expenses related to:

- production and sale of products;
- purchase and sale of goods;
- performance of works;
- provision of services.

Expenses for ordinary activities are grouped:

- by types of expenses;
- by economic elements;
- according to cost items.

Two groups of expenses are defined by their types:

1) expenses associated with the acquisition of raw materials, materials, goods and other inventories;

2) expenses arising directly in the process:

- processing (improvement) of inventories for the purposes of production, performance of work, provision of services;
- sales of products, works, services;
- sale (resale) of goods.

Costs for ordinary activities should be accounted for by the following economic elements:

- material costs;
- labor costs;
- deductions for social needs;
- depreciation;
- other expenses.

In addition, costs should be accounted for by cost items. The enterprise establishes the list of cost items independently in its accounting policy.

Let us consider in more detail the process of distributing the income of an enterprise that makes up the balance sheet profit (or, in other words, the final financial result of the activity - "real" income).

The basic principles for distributing the balance sheet profit of a commercial organization can be formulated as follows:

- the profit received by the enterprise as a result of production, economic and financial activities is distributed between the state and the enterprise as an economic entity;

- profit for the state goes to the relevant budgets in the form of taxes and fees, the rates of which cannot be arbitrarily changed. Tax rates, the procedure for their calculation and contributions to the budget are established by law;

- the value of the profit of the enterprise, remaining at its disposal after paying taxes, should not reduce its interest in increasing the volume of production and improving the results of production and economic and financial activities;

- the profit remaining at the disposal of the enterprise, first of all, is directed to accumulation, which ensures its further development, and only in the rest - to consumption.

At the enterprise, net profit (net income) is subject to distribution, i.e. profit remaining at the disposal of the enterprise after paying taxes and other obligatory payments. Sanctions paid to the budget and some off-budget funds are collected from it.

The distribution of net profit reflects the process of formation of funds and reserves of the enterprise to finance the needs of production and the development of the social sphere.

The distribution of net profit is one of the areas of intra-company planning, the importance of which is growing in a market economy. The procedure for the distribution and use of profits at the enterprise is fixed in the charter of the enterprise and is determined by the regulation, which is developed by the relevant divisions of economic services and approved by the governing body of the enterprise.

The estimate of expenses financed from profits includes expenses for the development of production, social needs of the workforce, material incentives for employees and charitable purposes.

The costs associated with the development of production include the costs of research, design, design and technological work, financing the development and development of new types of products and technological processes, the costs of improving technology and organizing production, upgrading equipment, costs associated with technical re-equipment and reconstruction of existing production, expansion of enterprises. The same group of expenses includes expenses on repayment of long-term bank loans and interest on them. The costs for environmental protection measures, etc., are also planned here. Contributions of enterprises from profits as contributions of founders to the creation of the authorized capital of other enterprises, funds transferred to unions, associations, concerns, which include the enterprise, are also considered to be the use of profits for development.

The distribution of profits for social needs includes expenses for the operation of social facilities that are on the balance sheet of the enterprise, financing the construction of non-production facilities, organizing and developing subsidiary farming, holding recreational, cultural events, etc.

The costs of material incentives include one-time incentives for the performance of particularly important production tasks, the payment of bonuses for the creation, development and implementation of new technology, the cost of providing material assistance to workers and employees, lump-sum benefits for labor veterans retiring, etc.

All profit remaining at the disposal of the enterprise is divided into two parts. The first increases the property of the enterprise and participates in the process of accumulation. The second characterizes the share of profit used for consumption. At the same time, it is not necessary to use all the profits allocated for accumulation in full. The rest of the profit not used to increase the property has an important reserve value and can be used in subsequent years to cover possible losses and finance various expenses.

Retained earnings, in a broad sense, as profit used for accumulation, and retained earnings of past years, indicate the financial stability of the enterprise, the availability of a source for further development.

**Conclusions.** Thus, the process of income management includes a mechanism for their formation and distribution. In modern conditions, the main goal of income management in an enterprise is the creation of an income management system.

The formation of enterprise income is determined by a number of the following indicators of profit and income:

1. Net sales proceeds.
2. Gross profit from sales.
3. Profit (loss) from the main activity.
4. Profit from financial activities.
5. Other income;
6. Profit (loss) before tax.

From the point of view of accounting, the distribution of income received by the

organization takes the form of expenses of the organization.

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