

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL  
SCIENCES OF UKRAINE**

**Faculty of Agrarian Management**

**METHODICAL INSTRUCTIONS  
in the course**

**“Controlling”**

for students of specialty 073 "Management"  
(Academic programs “Management”, “International  
business management”  
Academic Degree "Bachelor")

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METHODICAL INSTRUCTIONS IN THE COURSE “CONTROLLING” (CORE COMPONENT OF ACADEMIC PROGRAM 073 “MANAGEMENT” “INTERNATIONAL BUSINESS MANAGEMENT”) for students of specialty 073 "Management" educational degree "Bachelor"

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## INTRODUCTION

Description of the course “Controlling”. The course “Controlling” is core. It is aimed at obtaining the necessary theoretical knowledge and practical skills on the conceptual overview of modern enterprise management on the basis of the latest directions of information and economic development of the enterprise, namely the introduction of the controlling system at the enterprise to achieve its operational and strategic goals. Possessing of the course lets the students to get knowledge of the concept of controlling and obtain practical skills of using controlling techniques in management of enterprises to ensure their profitability and development through the adoption of effective management decisions. The course contains information on process of budgeting at the enterprise to substantiate the future ways of its development, bases for controlling investment projects, methodical tools for strategic and operational control.

**Purpose, competencies and program outcomes of the course.** The purpose of studying the discipline "Controlling" is to obtain the necessary theoretical knowledge and practical skills on the conceptual basis of modern enterprise management on the basis of the latest directions of information and economic development of the enterprise, namely the introduction of a control system at the enterprise to achieve its operational and strategic goals.

### **Acquisition of competencies Academic program “Management”:**

**Integrated competency (IC):** the ability to solve complex specialized problems and practical problems that are characterized by complexity and uncertainty of conditions, in the field of management or in the process training involving the application of theories and methods social and behavioral sciences.

### **General competencies (GC):**

GC 4 Ability to apply knowledge in practical situations

GC 5 Knowledge and understanding of the subject area and understanding of professional activity

GC 9 Ability to learn and master modern knowledge

GC 10 Ability to conduct research at the appropriate level.

GC 13 Appreciation and respect for diversity and multiculturalism.

GC 15 The ability to act based on ethical considerations (motives)

**Special (professional) competencies (SC):**

SC 1 The ability to define and describe the characteristics of the organization

SC 2 The ability to analyze the results of the organization's activities, to compare them with the factors of influence of the external and internal environment

SC 3 Ability to determine the prospects for the development of the organization

SC 4 The ability to determine the functional areas of the organization and the connections between them

SC 5 The ability to manage the organization and its divisions through the implementation of management functions

SC 6 The ability to act socially responsibly and consciously

SC 7 Ability to choose and use modern management tools

SC 11 Ability to create and organize effective communications in the management process

SC 12 Ability to analyze and structure problems of organization, form well-grounded decisions

SC 14 Understand the principles of psychology and use them in professional activities

SC 15 Ability to develop and demonstrate leadership qualities and behavioral skills.

SC 16 Ability to identify and analyze new market opportunities, including the international business environment, formulate new ideas, develop projects and organize business process management

***Program learning outcomes (PLO) Academic program “Management”:***

PLO 3 Demonstrate knowledge of theories, methods and functions of management, modern concepts of leadership.

PLO 8 Apply management methods to ensure the effectiveness of activities organizations

PLO 12 Assess the legal, social and economic consequences of the organization's functioning

PLO 18 Demonstrate the ability to identify prospects for the development of the enterprise, develop projects, organize management of business processes based on analysis market opportunities and international business environment

**Acquisition of competencies Academic program “International business management”:**

**Integral competence (IC):** the ability to solve complex specialized tasks and practical problems, characterized by complexity and uncertainty of conditions, in the field of management or in the learning process, which involves the application of theories and methods of social and behavioral sciences.

**General competencies (GC):** GC 9. The ability to learn and master modern knowledge.

**Special (professional) competencies (SC):** SC 5. The ability to manage an organization and its divisions through the implementation of management functions

SC 12. The ability to analyze and structure the problems of the organization, to form well-founded solutions.

**Program learning outcomes (PLO) Academic program “International business management”:**

PLO 8. Apply management methods to ensure the effectiveness of the organization's activities.

PLO 9. Demonstrate interaction, leadership, and teamwork skills

PLO 12. Assess the legal, social, and economic consequences of the organization's functioning

PLO 14. Identify the causes of stress, adapt yourself and team members to a stressful situation, and find ways to neutralize it.

## TOPIC 1. THE ESSENCE, NECESSITY AND TYPES OF CONTROLLING

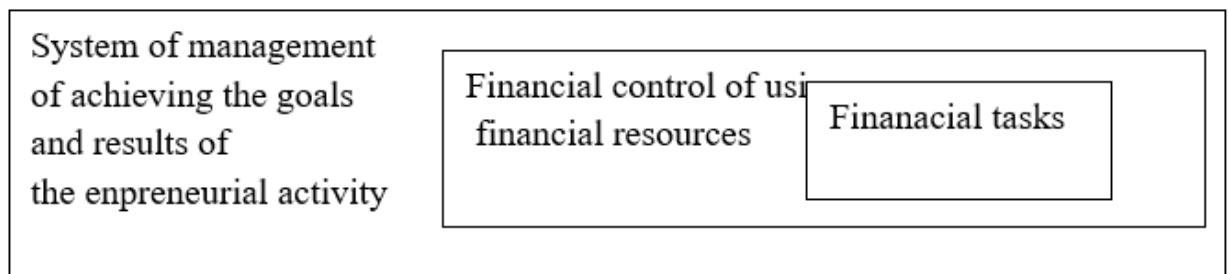
### Content

- 1.1. The concept of controlling and its essence.
- 1.3. The purpose and tasks of controlling
- 1.4. Types of controlling

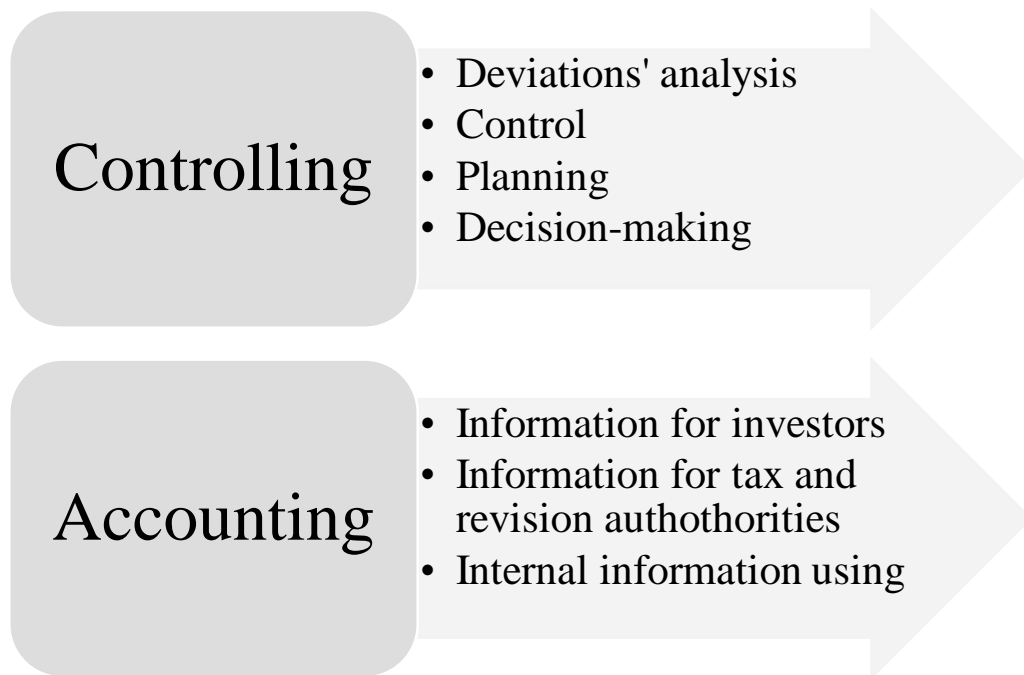
### Lecture material on the topic in the form of schemes and tables

<u>American model</u>	<u>German model</u>
Controlling	Controlling
Planning	Planning
Informative management and reports	Informative management and reports
Special economic tasks, i.e. assessing of investments	Special economic tasks, i.e. assessing of investments
Internal accounting	Internal accounting
Taxes and insurance	
Information technologies	
Internal audit	

**Fig. 1.1 Distinctive features of the American and German models of controlling**



**Fig. 1.2 Evolutionary interpretation of the concept of "controlling"**



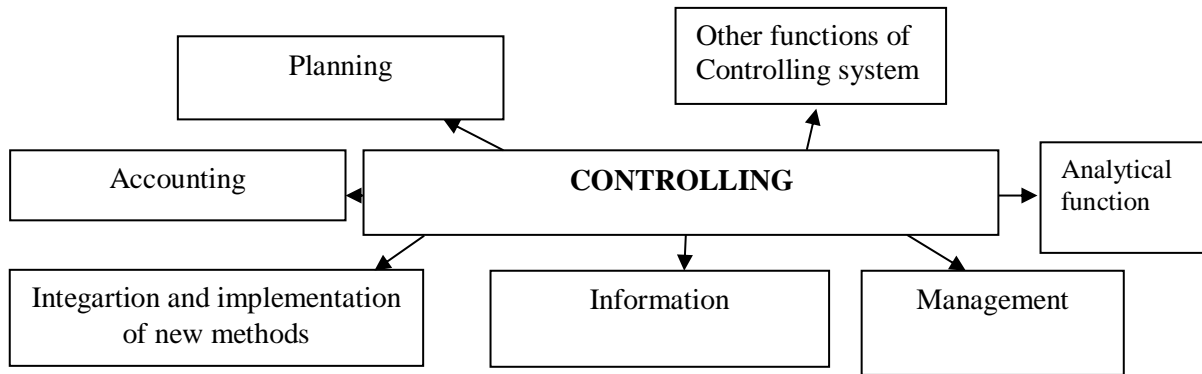
**Fig. 1.3 Controlling and accounting**

**Fig. 1.3 Evolutionary interpretation of the concept of "controlling"**

**Table 1.1.**

**Differences of the system of cost management and controlling**

<b>Characteristics of the system</b>	<b>System of cost management</b>	<b>Controlling</b>
Aim	Costs reducing	Raising of quality of the decisions to be made
Subsystems, functions for achieving goals	Functional spheres Management functions	Functions of management Technologies of management and decision making
Executives and resources	Labor, materials, capital, energy, information	Organizational, mathematical, informational providing
Objects	Centers and cost bearers	System of management
Structure of the management system	Organizational structure	Models' structure
Quantitative characteristics	Significance of economic indicators	Significance of criteria of decision quality
Factors to control	Expense amount	Level of corresponding of the models which provide the profits' maximization



**Fig. 1.4 Controlling functions at the enterprise**

**Table 1.2.**

**Comparative characteristics of operative and strategic controlling**

Features	Operative	Startegic
Orientation	Economic efficiency and profitability of the enterprise	The external and internal environment of the enterprise
Level of management	Tactical and operative	Strategic
Goals	Providing of profitability and liquidity	Ensuring survival. Conducting anti-crisis policy. Supporting the potential of success
Main tasks	<ul style="list-style-type: none"> <li>- Leadership in planning and budget planning (fluid and operational planning);</li> <li>- Identifying the weaknesses for tactical management;</li> <li>- Definition of the totality of controlled indicators in accordance with established flow goals;</li> <li>- comparison of planned (normative) and actual indicators of controlled results and costs in order to identify causes, perpetrators and consequences of deviations;</li> <li>- analysis of the influence of deviations on implementation of fluid plans;</li> <li>- motivation and creation of information systems for the adoption of fluid management decisions</li> </ul>	<ul style="list-style-type: none"> <li>- Participation in setting quantitative and qualitative goals of the enterprise;</li> <li>- responsibility for strategic planning;</li> <li>- development of alternative strategies</li> <li>- definition of critical external and internal conditions underlying strategic plans;</li> <li>- identifying the weaknesses;</li> <li>- identification of the main controllable indicators in accordance with established strategic goals;</li> <li>- comparison of planned (normative) and actual values of controlled indicators in order to identify causes, perils and consequences of these deviations;</li> <li>- analysis of economic efficiency (especially innovation and investment)</li> </ul>

## **Practical work 1. The essence, necessity and types of controlling**

### **Objectives:**

- to find out the economic essence and basic principles of scientific and theoretical controlling concepts;
- to substantiate the problems of terminology and carry out a comparative analysis of the most common interpretations of controlling;
- to set the prerequisites of formation and main stages of development of controlling as an information system;
- to investigate the reasons for the emergence of controlling in modern enterprises; to distinguish characteristics,
- to identify features, identify key differences of operational and strategic controlling.

### **Theoretical task**

Questions to answer in writing basing on the material of the Topic 1.:

1. Scientific and theoretical concept of controlling.
2. Problems of terminology (ambiguity of wording).
3. Comparative analysis of the most common interpretations of controlling.
4. Prerequisites for the formation and development of controlling as an information system.
5. Information and management concept model.
6. The reasons for the emergence of controlling in modern enterprises.
7. Operational and strategic controlling

### **Practical Task:**

Describe the areas to use controlling at the agricultural enterprises. Choose enterprise for investigation and well-ground why the controlling is important at the enterprise of your choice. Make the conclusion.

### **Control questions**

1. What is the essence of controlling?
2. What exactly is meant by controlling in the USA, Germany, Great Britain?

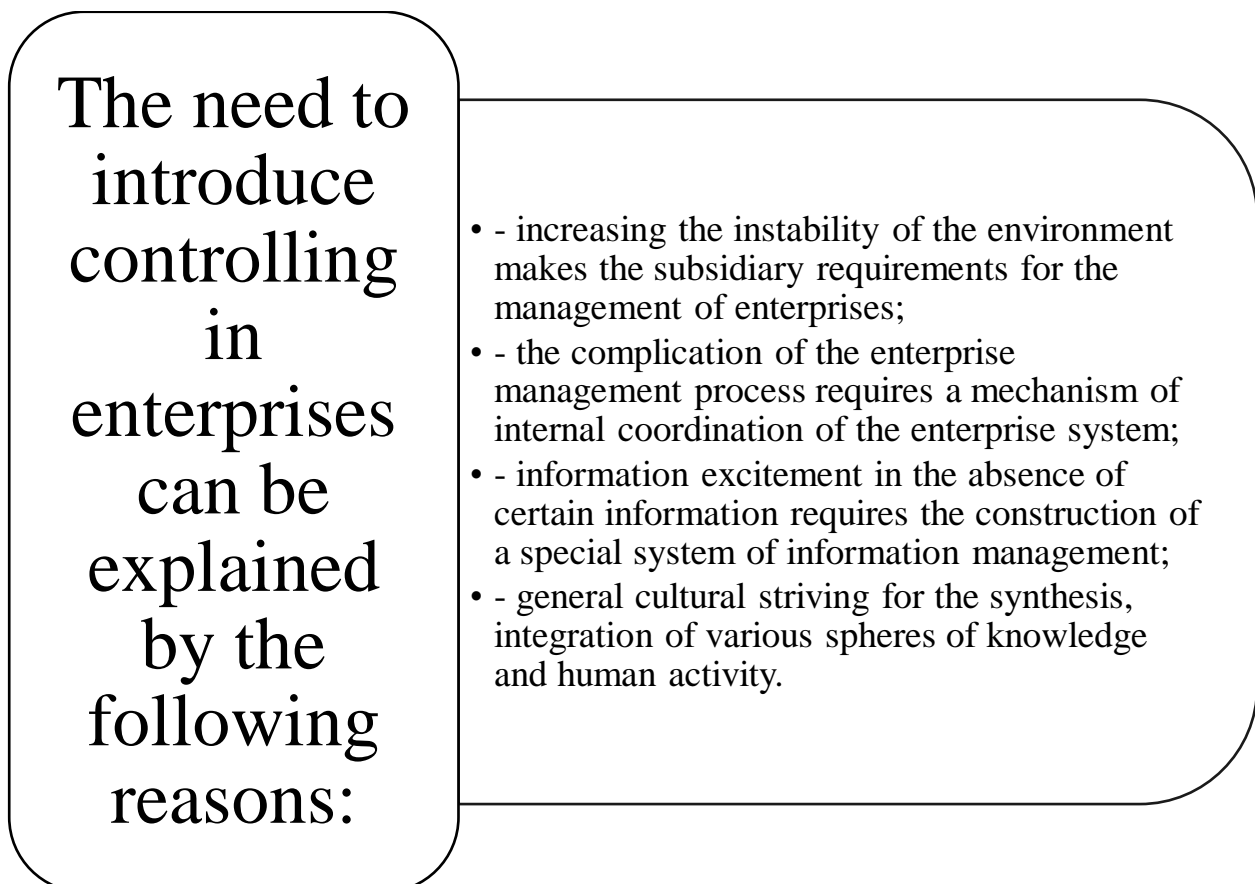
3. Determine the reasons that caused interest in controlling.
4. Is it possible to put an equal sign between the concepts of "management accounting", "controlling", "internal economic accounting"?
5. What are the main stages of development of controlling?
6. In your opinion, can modern business do without controlling?
7. Specify what is the subject of controlling and what are its objects.
8. What is the significance of controlling for business management?
9. Define controlling, reveal its purpose and tasks of functioning.
10. Give a comparative description of the methods of operational and strategic controlling.
11. What are the objective prerequisites for the emergence of controlling?
12. What are the peculiarities of the development of controlling in Western Europe and countries of the American continent?
13. Why is controlling considered to be one of the means, tools and at the same time a constituent part of the art of economic management?
14. Name the main tasks of controlling.
15. What are the characteristic features and peculiarities of modern business and their influence on management?
16. Why do foreign firms in the vast majority hire controllers for the role of strategist?
17. What is the advantage of controlling over domestic levers of management of production activity?
18. What are the necessary prerequisites for the implementation of controlling in the activities of domestic enterprises and organizations?

## TOPIC 2. ORGANIZATION OF CONTROLLING AT THE ENTERPRISE

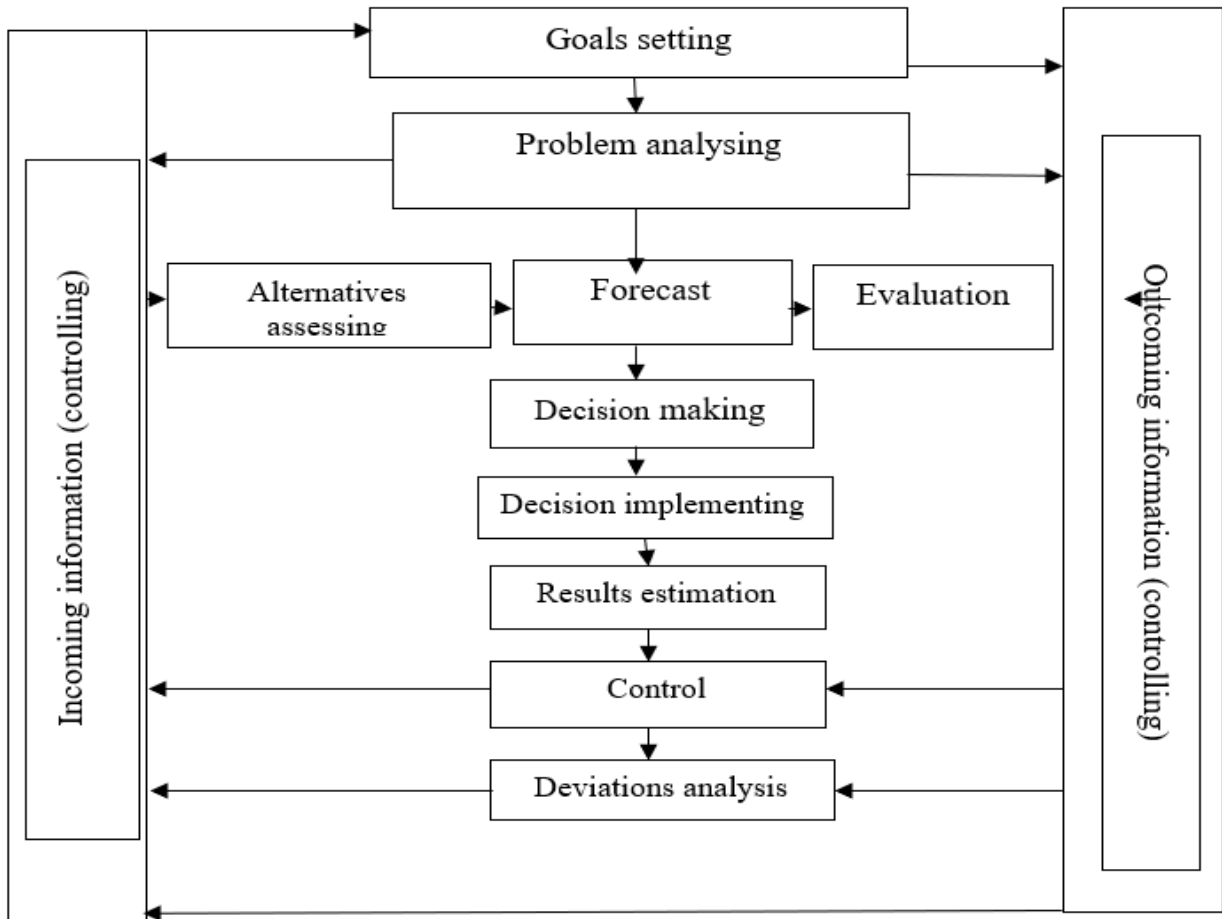
### Content

- 2.1. Place of controlling in an enterprise management system
- 2.2. The process of implementation of controlling in the enterprise
- 2.3. Principles of controlling organization at the enterprise.
- 2.4. Structure and composition of the controlling service at the enterprise
- 2.5. Main tasks and functions of the controlling service
- 2.6. Information flows in the controlling system.

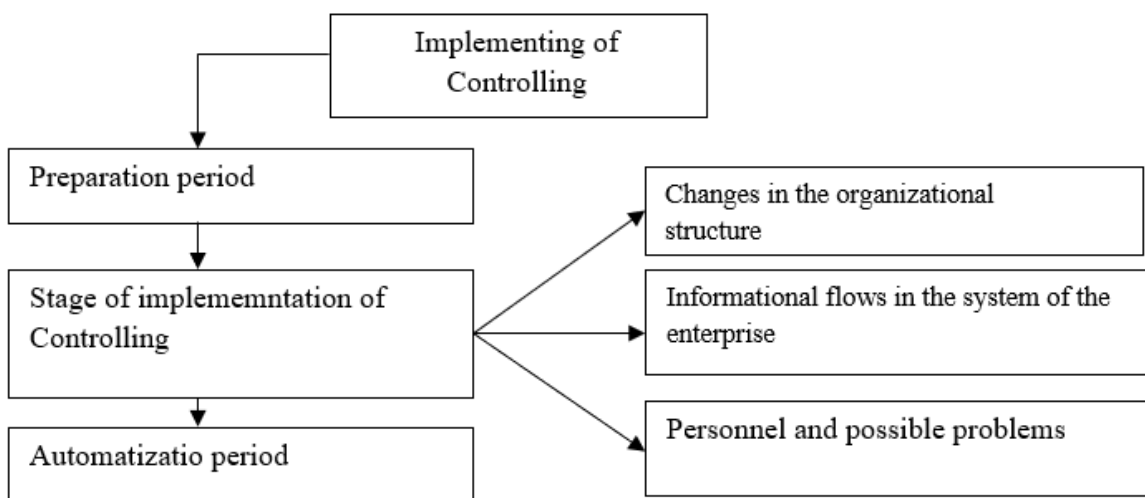
### Lecture material on the topic in the form of schemes and tables



**Fig. 2.1 The need in controlling at the enterprise**



**Fig. 2.2 Place of controlling in the enterprise management system**

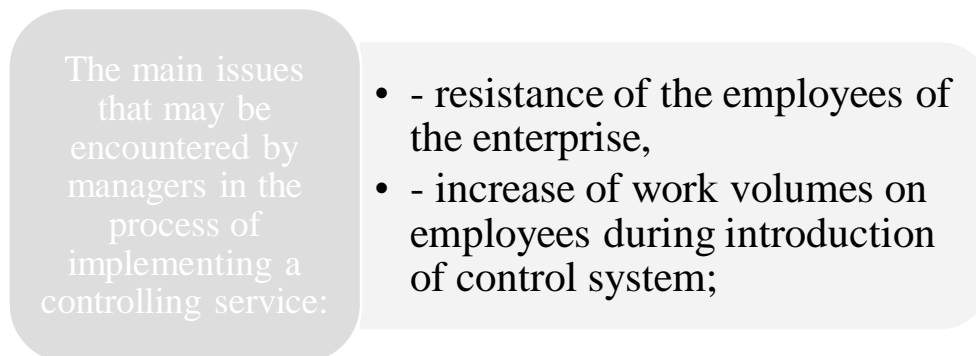


**Fig. 2.3 Stages of the introduction of controlling at the enterprise**

**Creating a controlling service one must take into account the following basic requirements:**

- subordination only to the heads of the highest structural unit of management;
- allocation of controlling in an independent and neutral service in the management system;
- economic services of the enterprise should provide the controlling department with all necessary information;
- obtaining additional information from other departments for analysis and processing of received data;
- using in its work advanced methods and technologies for the collection and processing of economic information;
- provision of new means for timely receipt, processing, analysis of information and rapid transfer to its managers of the enterprise;
- close links with other departments and a clear demarcation of employee responsibilities;
- possibility of introducing new procedures for the collection of analytical information on an ongoing basis.
- ability to quickly bring information to the attention of senior management of the enterprise.

**Fig. 2.4 Requirements to the controlling service at the enterprise**



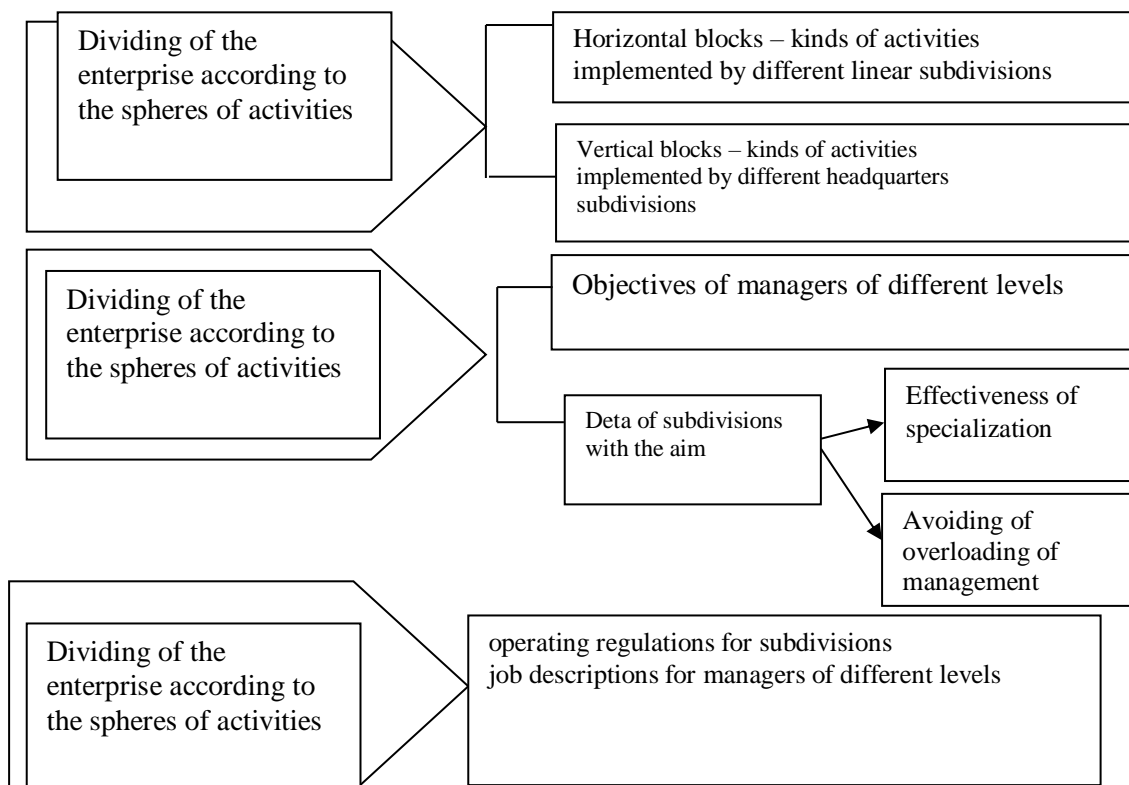
**Fig. 2.5 Issues to encounter while implementing the controlling service**

*Table 2.1.*

**Factors that facilitate and prevent the introduction of controlling in the enterprise**

<b>The factor that influences the speed of implementation</b>	<b>Advantages of controlling implementation</b>	<b>Disadvantages of controlling implementation</b>
Effect of implementation: - economic -social	- Improving the quality of enterprise management in the short and long term; - A new opportunity for rapid promotion through the creation of a controlling department (status enhancement)	- Imperfection of existing methods of analysis; - Threat to status groups (accounting, planning department, etc.) and individuals (heads of relevant departments)
Compatibility: - with corporate culture; - with methods of information management	Depends on an enterprise	- Moderately low; - Low with traditional systems

The complexity of the innovation	The simplicity of the models	Complications in comparison with traditional methods; the need for additional training
Divisibility of the novelty, the possibility of an experiment	Ability to start with implementation in one unit, then to extend the experience to the entire enterprise	The full effect is observed only after implementation in the enterprise as a whole
Visibility	The first results are immediately visible to the manager	The full result does not appear soon



**Fig. 2.6 The sequence of actions when designing any organizational structure**

**Information flows** are the physical movement of information from one employee of the enterprise to another or from one subdivision to another.

**The system of information flows** is a set of physical movements of information, which allows implementing any process and any solution. The most common system of information flows is the amount of information flows that allows an enterprise to conduct financial and economic activity. Information flows ensure the normal operation of the enterprise. The purpose of working with information flows is to optimize the work of the company.

**2.7. The essence of the information flows**

## **Practical work 2. Organization of controlling at the enterprise**

### **Objectives:**

- to learn the basic points of rethinking management functions in market conditions;
- to justify the place and role of controlling in the management system of enterprise;
- to establish the basic elements of the relationship of controlling with management functions;
- to study the process of forming controlling information;
- to identify the orientation of controlling on the types of management decisions.

### **- Theoretical task**

Questions to answer in writing basing on the material of the Topic 2.:

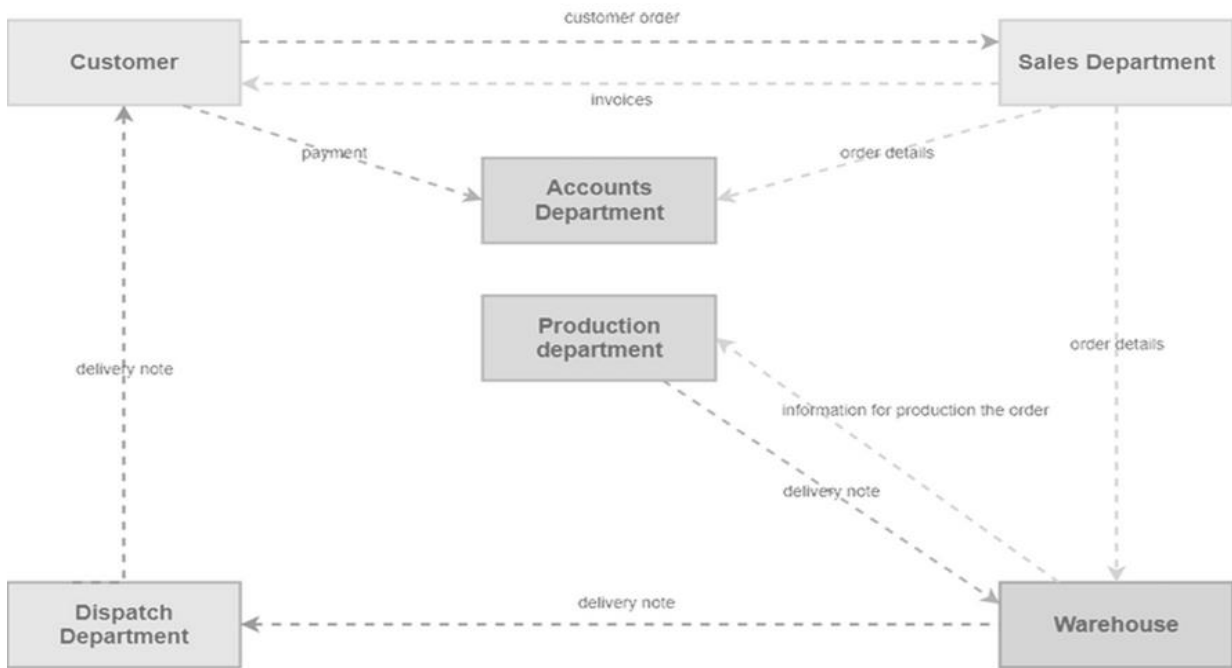
1. Fundamental rethinking of management functions in market conditions.
2. The concept of "stage of the management cycle", its essence.
3. Finding out the model of stages of the management cycle.
4. The place and role of controlling in enterprise management.
5. The relationship of controlling with management functions.
6. Formation of controlling information.
7. Stages of formation of controlling information.
8. Orientation of controlling on types of management decisions.
9. Formation of alternative management decisions

### **Practical Task:**

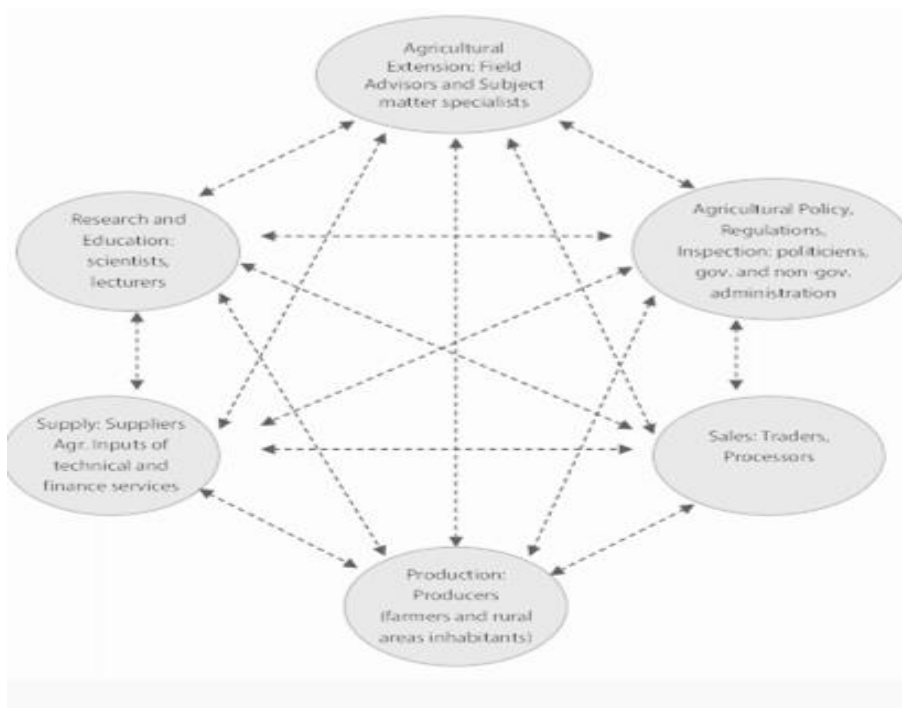
1. Characterize the requirements for the formation of a controlling system of an agrarian enterprise. Put them in writing

2. How can a manager of agrarian enterprise obtain information for implication of the controlling system?

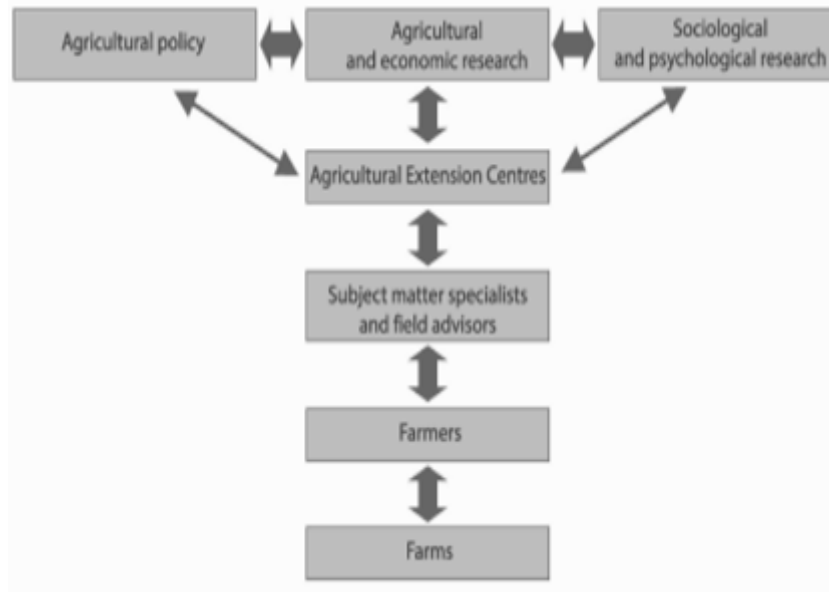
3. There are schemes below of possible information flows (Fig. 2.5, 2.6, 2.7). Please analyze them in connection to the agrarian enterprise of your choice.



**Fig. 2.5** Sample of information flows at the enterprise 1.



**Fig. 2.6** Sample of information flows at the enterprise 2.



**Fig. 2.7 Sample of information flows at the enterprise 3.**

### Control questions

1. In which document is the acknowledgment of expenses?
2. What is the difference between the concept of "expenses" in accounting and tax accounting?
3. What is the necessity of classification of costs?
4. What are the signs that can be used as a basis for cost classification?
5. What types of costs are divided in relation to the volume of production?
6. What are the differences in costs grouped by cost articles and economic elements?
7. What are relevant and irrelevant costs?
8. What types of costs are divided depending on the control of execution?
9. What costs belong to the costs of the period?
10. What is the marginal cost of production?
11. How exactly does the total cost of production differ from its production cost?
12. Define the terms "cost center", "responsibility center", "profit center", "revenue center", "investment center".
13. What are the principles underlying the classification of responsibility centers?
14. Specify the factors that affect the choice of cost centers?

## TOPIC 3. CENTERS OF RESPONSIBILITY AS AN OBJECT OF CONTROLLING

### Content

3.1. The concept of responsibility in controlling and the concept of liability centers.

3.2. Classification of responsibility centers.

3.3. Principles of allocation of responsibility centers at the enterprise and the basic requirements to them.

### Lecture material on the topic in the form of schemes and tables

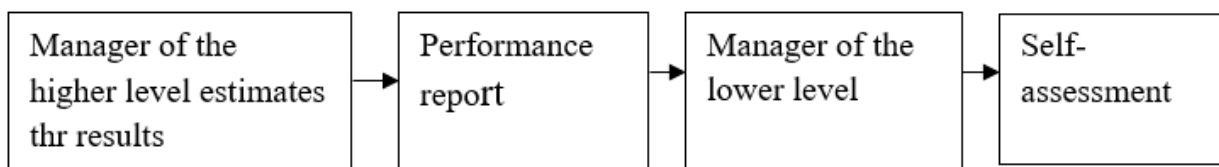
#### **Advantages of decentralization:**

- the ability of senior management to focus on global strategic issues and solutions;
- prompt decision-making at appropriate levels of management;
- decisions are made by those managers who understand deeply the essence of the problem;
- managers gain management experience.

#### **Disadvantages of decentralization:**

- complication of the coordination process;
- the possibility of unhealthy internal competition;
- increase of maintenance costs for maintenance staff;
- the emergence of the danger to lose control.

**Fig. 3.1 Advantages and disadvantages of decentralization**



**Fig. 3.1 General scheme of accounting of responsibility**

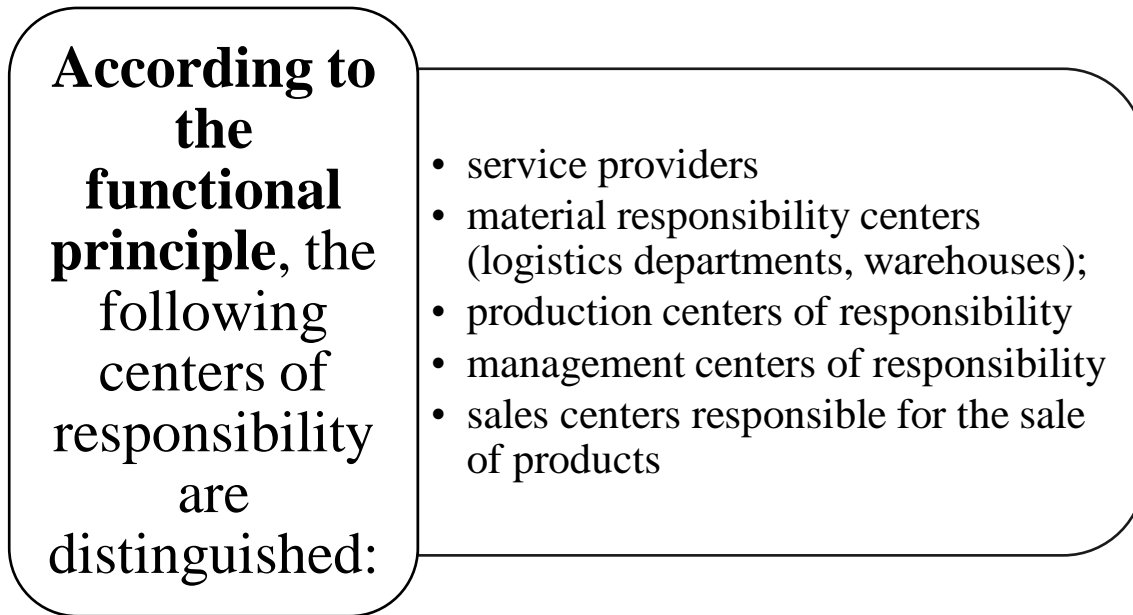
**Table 3.1.****The controlling system at the agricultural enterprises**

<b>Subsystems of enterprise (the liability centers)</b>	<b>The controlling blocks</b>	<b>The activities directions</b>	<b>The examples of the controlled figures</b>
Production (processing)	Operational controlling	Stock management, cost management	Crop capacity, productivity
Logistics	Controlling of logistics	Analysis of delivery terms in conjunction with costs	Delivery time, fullness of the carrier
Marketing	Sales control, controlling of pricing	Customer analysis, volumes, market share, access to new markets, diversification	Margin, profitability, sales volume, parties
Foreign economic activities	Controlling of foreign economic activities	Organization of foreign economic activity, study of new markets, analysis of efficiency	Foreign trade volumes, revenues from foreign economic operations
Personnel	Personnel controlling	Analysis of labor costs of personnel for processes, system of motivation for the result, professional improvement	Time of execution of processes, tasks
Finance	Financial controlling	Management of money, investments	Profit, current assets, financial cycle, rent-free production, return on investment
Senior management	Strategic controlling	Establishment of strategic and operational goals, corporate culture, social and ecological responsibility	Financial results of the enterprise
Investments	Investment controlling	Analysis of investment efficiency	Alternative costs, return on investment projects
Innovations	Controlling of innovations	Search and analysis of risks and efficiency of innovations	Return on investment in innovative projects

**Principles of determining the responsibility centers:**

- functional
- territorial
- organizational structure
- similarity of structural costs

**Fig. 3.2 Principles of determining the responsibility centers**



**Fig. 3.3 Responsibility centers determined according to the functional principle**

**Practical Work 3. Centers of responsibility as an object of controlling Objectives:**

- to understand the role of responsibility centers;
- to define functions of responsibility centers;
- to determine units which can be determined as responsibility centers

**Theoretical questions**

1. The concept of responsibility in controlling and the concept of liability centers
2. Classification of liability centers
3. Principles of allocation of responsibility centers at the enterprise and the basic requirements to them

4. The role of responsibility centers

**Center of responsibility** is a separate unit (segment) of the entity, headed by the head, who is responsible for the results of its activities.

As a rule, there are four types of financial responsibility centers in the financial structure:

- 1) cost centers;

- 2) income centers;
- 3) profit centers;
- 4) investment centers.

### **Practical Task:**

Define the functions of each responsibility center. Make a scheme. Provide conclusions.

### **Control questions**

1. What is a responsibility center in controlling?
2. What is the main purpose of creating responsibility centers in an enterprise?
3. What are the types of responsibility centers?
4. How does a cost center differ from a profit center?
5. What is the peculiarity of an investment center?
6. What functions does the head of a responsibility center perform?
7. How are responsibility centers related to the organizational structure of an enterprise?

## TOPIC 4. ORGANIZATION OF MANAGERIAL ACCOUNTING IN THE SYSTEM OF CONTROLLING

### Content

- 4.1. The concept of management accounting and control system
- 4.2. Product cost and its types
- 4.3. Management accounting as an initial element of the controlling system
- 4.4. Management accounting methods
- 4.5. Management Accounting and Control System (MACS)

### *Lecture material on the topic in the form of schemes and tables*

Managerial accounting systems may not only be used to enable economically sensible decisions, it may also serve as ‘rationalization’ devices for decisions already made. Cost management system is one of the central performance measurement systems.

The tools and techniques of management accounting and control systems have to be understood not only in terms of their technical functioning, but also with respect to their relationship to the organizational context in which they are embedded.

**Fig. 4.1. The essence of management accounting system**

# Costs

are events that lead to a decrease in equity.

are expressed in monetary terms as the costs of various types of economic resources (labor, raw materials, materials, fixed assets, financial resources) in the process of production, circulation and distribution of manufactured products and goods.

**Fig. 4.2 The essence of costs**

## Costs include:

- Cost of goods sold, products, services.
- Financial costs
- Income taxes
- Contingencies

**Fig. 4.3 The cost structure**

## Financial costs include

- interest expenses on loans, issued bonds, and rental expenses.

**Income taxes** are an element of the state's fiscal policy, levied in the amounts and according to the procedure established by current tax legislation.

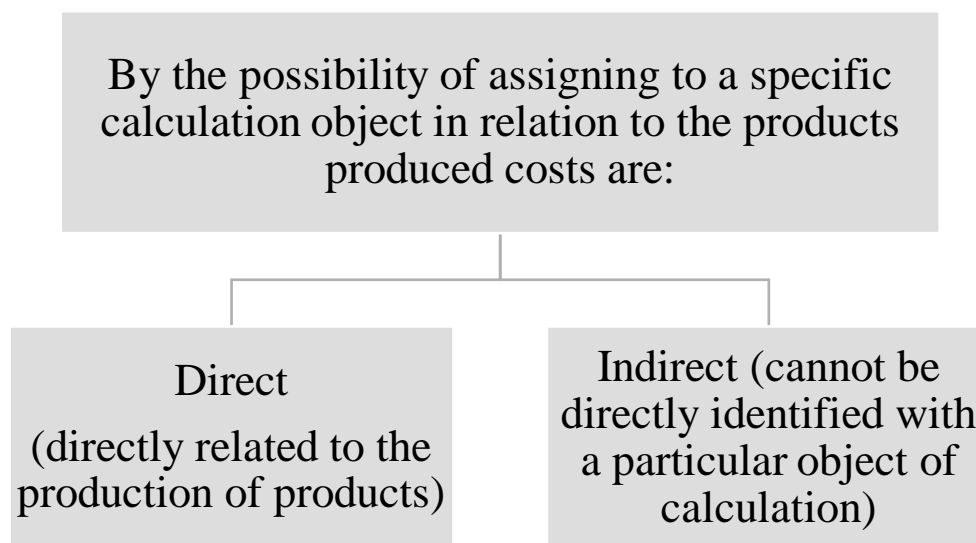
**Contingencies** may arise due to unplanned events, emergencies, force majeure situations

**Fig. 4.4 The cost structure: determining of costs**

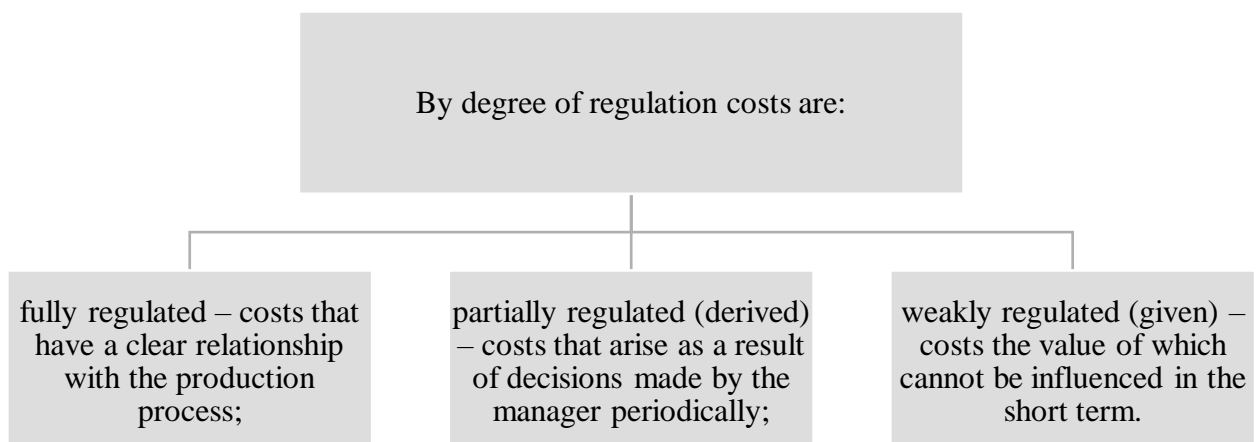
Depending on the volume of production, costs are distinguished

- fixed – costs that remain the same regardless of the volume of output;
- variable – costs that change in direct proportion to the change in the volume of output;
- mixed – costs that change with a change in the volume of production, but not in direct proportion.

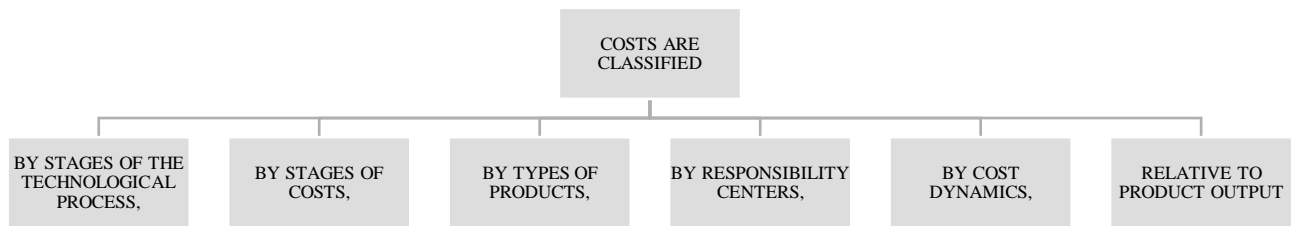
**Fig. 4.4 The cost structure depending on the volume of production**



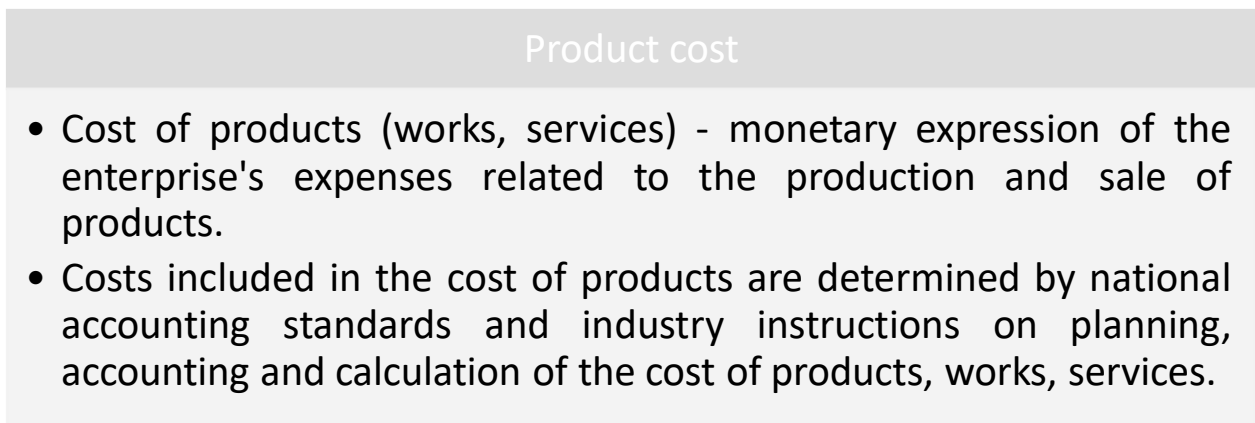
**Fig. 4.5 The cost structure by the possibility of assigning to a specific calculation object**



**Fig. 4.6 The cost structure by the possibility by degree of regulation**



**Fig. 4.7 Classification of costs**



**Fig. 4.8 Product cost**

## Management accounting tasks

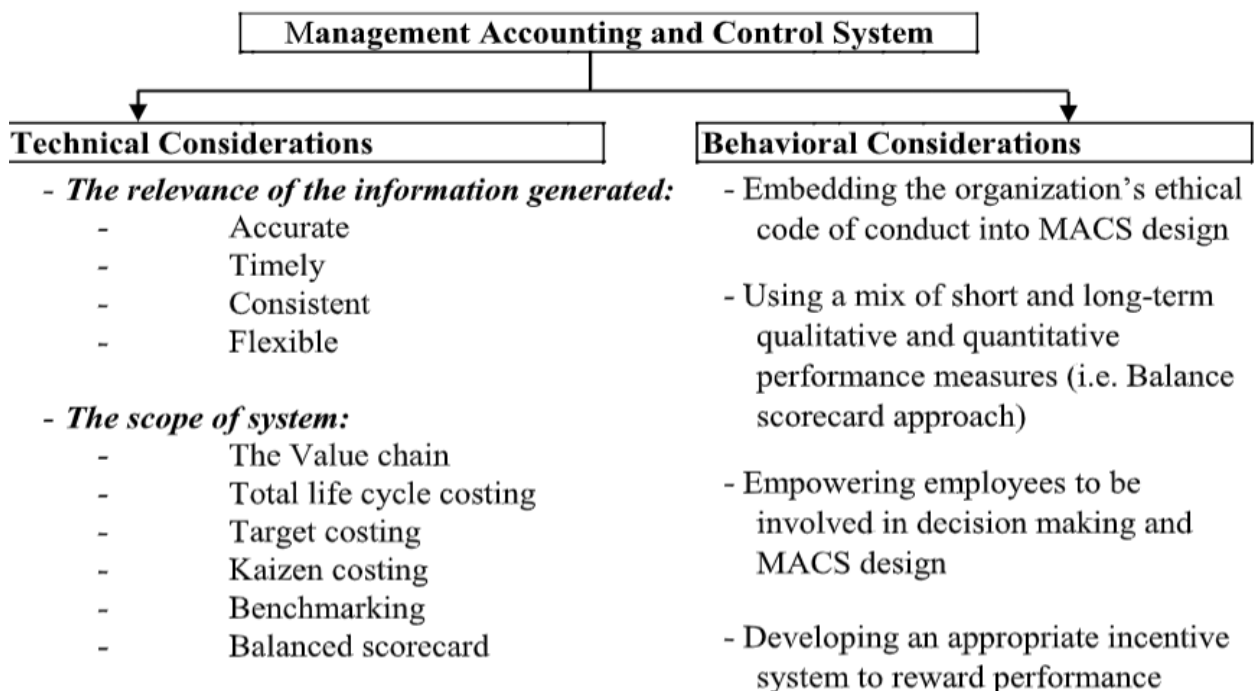
- formation, processing, generalization, storage and transfer of necessary information for operational management of the enterprise and making optimal management decisions;
- verification of the legality and appropriateness of the use of funds;
- summing up and assessing the effectiveness of the enterprise's activities;
- preparation of internal reports necessary for enterprise owners and managers.

**Fig. 4.9 Management accounting tasks**

## Management accounting methods

- **Direct costing** is a management accounting system based on the classification of costs into variable and fixed costs and includes accounting by type, place of origin and carrier, accounting for the results of production activities, as well as analysis of costs and results for making management decisions.
- **Standard costing** is a system of cost accounting and cost calculation using standardization. It involves the analysis of deviations of actual costs from standard ones. This is an accounting organization in which changes in cost are disclosed daily in the process of implementing the plan based on primary documentation.

**Fig. 4.9.1 Management accounting methods**



**Fig. 4.9.2 Management Accounting and Control System (MACS)**

### **controlling**

- to define the managerial accounting in the system of controlling
- to understand the functions of managerial accounting
- to analyze the system of managerial accounting at the enterprise of your choice

### **Theoretical task**

Questions to answer in writing basing on the material of the Topic 4.:

1. Read the lecture and recommended literature.
2. Assessment of the costs of the enterprise.
3. The financial costs of the enterprise as an object of analysis.
4. Structure of costs by different criteria.
5. Requirements to the controlling service at the enterprise
6. Management accounting and control system (MACS).
7. Technical consideration in MACS
8. Behavioral considerations in MACS

### **Practical Task:**

I. There is a cost center at an agricultural enterprise that operates as a production unit.

According to the plan for the month, **it was assumed:**

Planned costs: 120,000 UAH

Production volume: 1,000 units of production

**Actually received:**

Actual costs: 135,000 UAH

Actual production volume: 1,100 units

**Required:**

- To calculate the planned cost of 1 unit
- To calculate the actual cost of 1 unit
- To determine the cost variance (total)
- To evaluate the efficiency of the cost center

- To make conclusion

II. Prepare presentation on organization of management accounting in the controlling system of the enterprise of your choice. Make the conclusion.

### **Control questions**

1. What is managerial accounting and how does it differ from financial accounting?
2. What is controlling and what role does managerial accounting play in it?
3. What are the main objectives of managerial accounting in a controlling system?
4. How is managerial accounting integrated into the controlling system?
5. What are the key functions of managerial accounting in decision-making?
6. How does managerial accounting contribute to cost control and efficiency?
7. What tools of managerial accounting are most commonly used in controlling?
8. How does managerial accounting support performance evaluation?
9. What are the challenges in organizing managerial accounting within controlling?
10. What is MACS?
11. What are technical and behavioral aspects of MACS?

## TOPIC 5. SYSTEM OF PLANNING AND BUDGETING AT THE ENTERPRISE

### Content

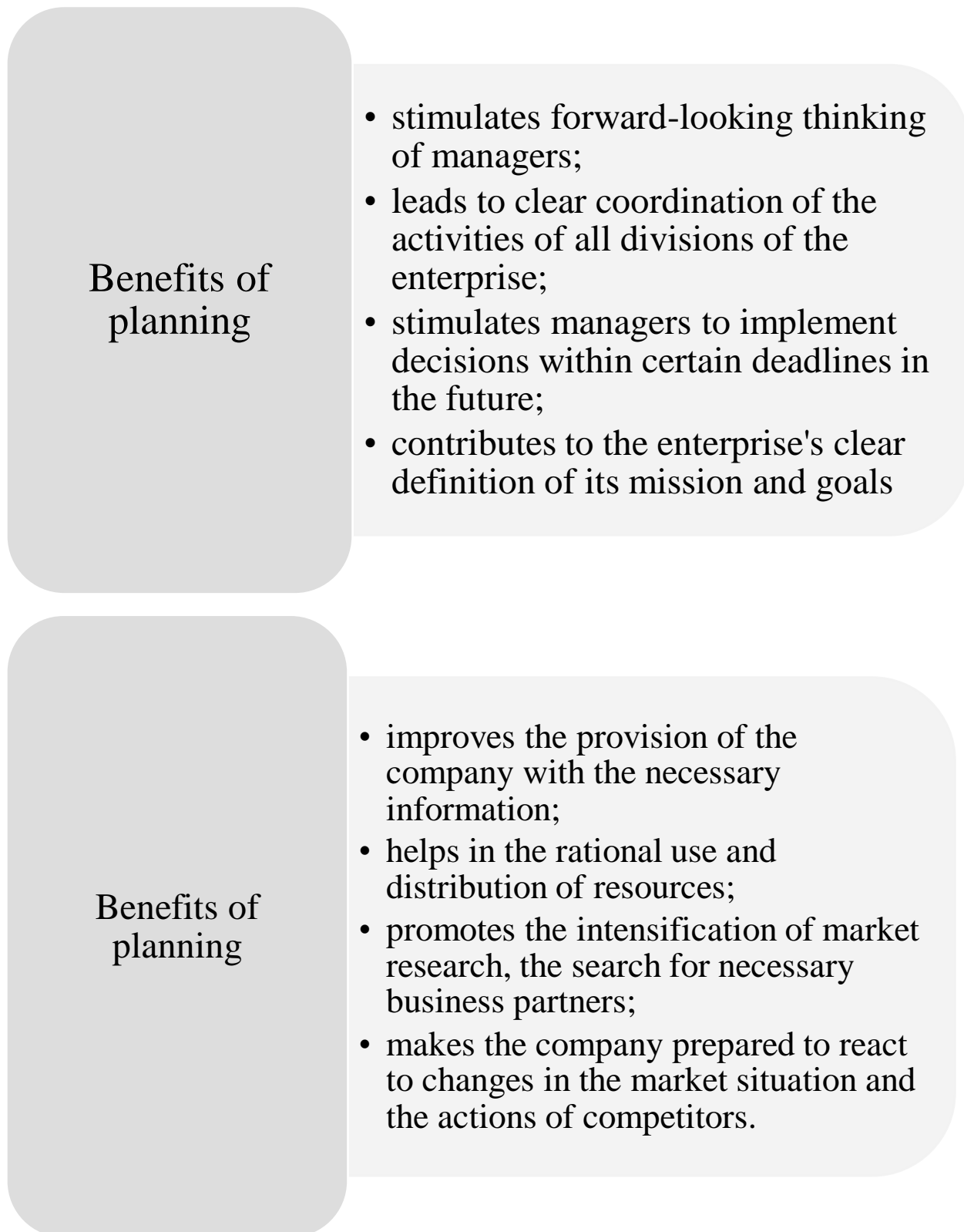
- 5.1. The essence of planning at the enterprise.
- 5.2. Budgeting at the enterprise.
- 5.3. Types of budgeting at the enterprise and types of budgets
- 5.4. The main approaches to the budgeting process at modern enterprises.
- 5.5. Budget control.
- 5.6. Approaches to the analysis of deviations in the control system

### *Lecture material on the topic in the form of schemes and tables*

#### Planning

- is a sequential process, the implementation of which determines the strategic, tactical and operational goals of such activities, forms and implements a set of interrelated measures of managerial influence to optimize the process of achieving goals.
- unites the structural divisions of the enterprise with a common goal;
- gives all processes unidirectionality and coordination

**Fig. 5.1 The essence of planning**



**Fig. 5.2. Benefits of planning**

**Directive planning** is a decision-making process that is mandatory for planning objects. For non-fulfillment of planned tasks, heads of business entities have disciplinary responsibility. Directive plans as a rule are targeted and distinguished by considerable detail. Legal planning is considered one of the main disadvantages of the command and administrative management system. However, along with this directive planning can serve as an effective means of solving problems of national importance: environmental protection, defense, social policy, structural adjustment of the economy, etc.

**Indicative planning** is a widespread form of state planning for macroeconomic development in the world. Indicative planning is the opposite of directive planning. Indicative plan is not mandatory for character execution. It may contain mandatory tasks, but their number is very limited. In general, it is a steering, recommended character.

### Fig. 5.3 Directive and indirective planning

**Strategic planning** focuses on the long-term perspective (over 3 or 5 years).

The main objective of strategic planning is to create the potential for survival of an enterprise in an environment that is rapidly evolving and generates unforeseen prospects.

**Tactical planning** should be considered as a process of creating prerequisites for the realization of enterprise capabilities.

A plan is drawn up for the company's economic and social development, which is a comprehensive program of production, social and economic activity of the firm for a certain period.

### Fig. 5.4 Strategic and tactical planning

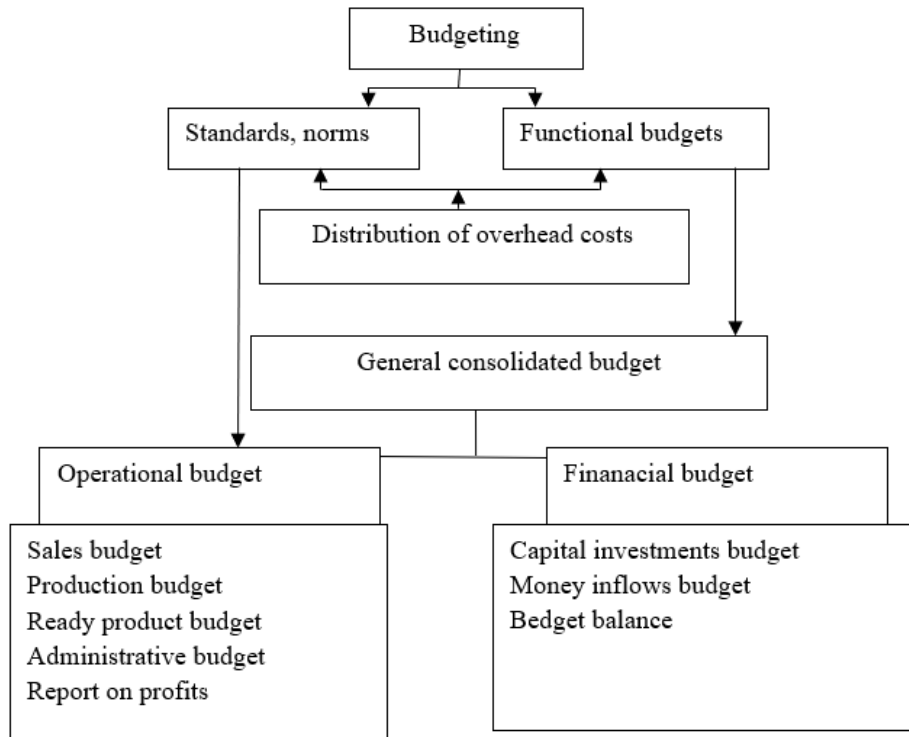
**A budget** is a financial document relating to a specific line of business, which agrees and records the amount and distribution in time of receipt and expenditure of funds, income and expenses of a structural unit or enterprise as a whole.

**Budgeting** is the process of preparing, compiling and approving a system of interconnected budgets, agreed on the timing, direction of activities, units or centers of responsibility.

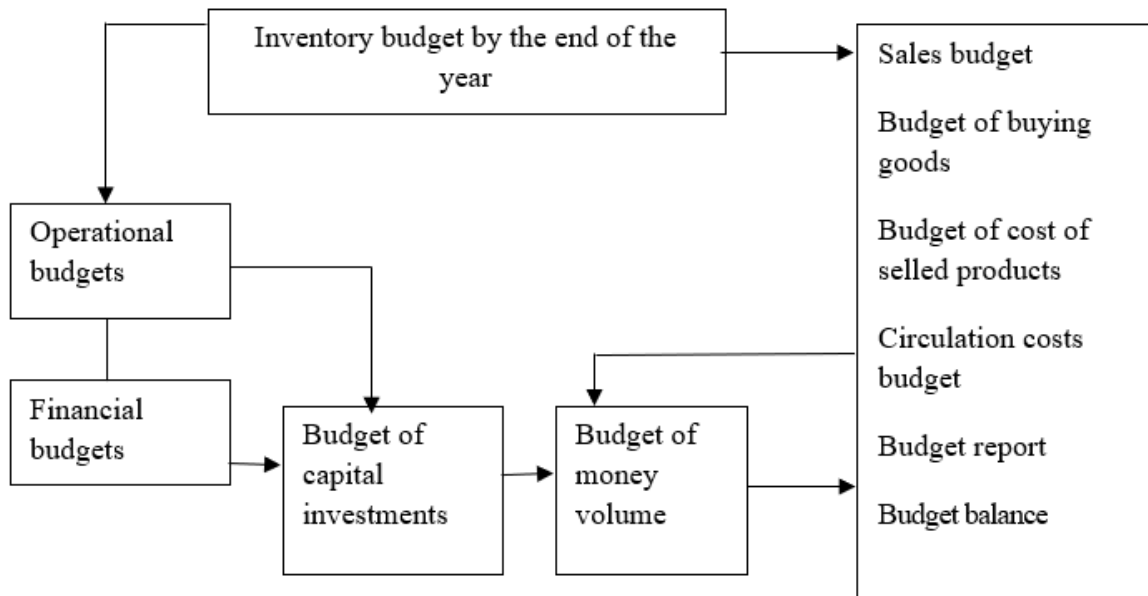
### Fig. 5.5 The essence of budget and budgeting

**Table 5.1.****Phases of budgeting at the enterprise**

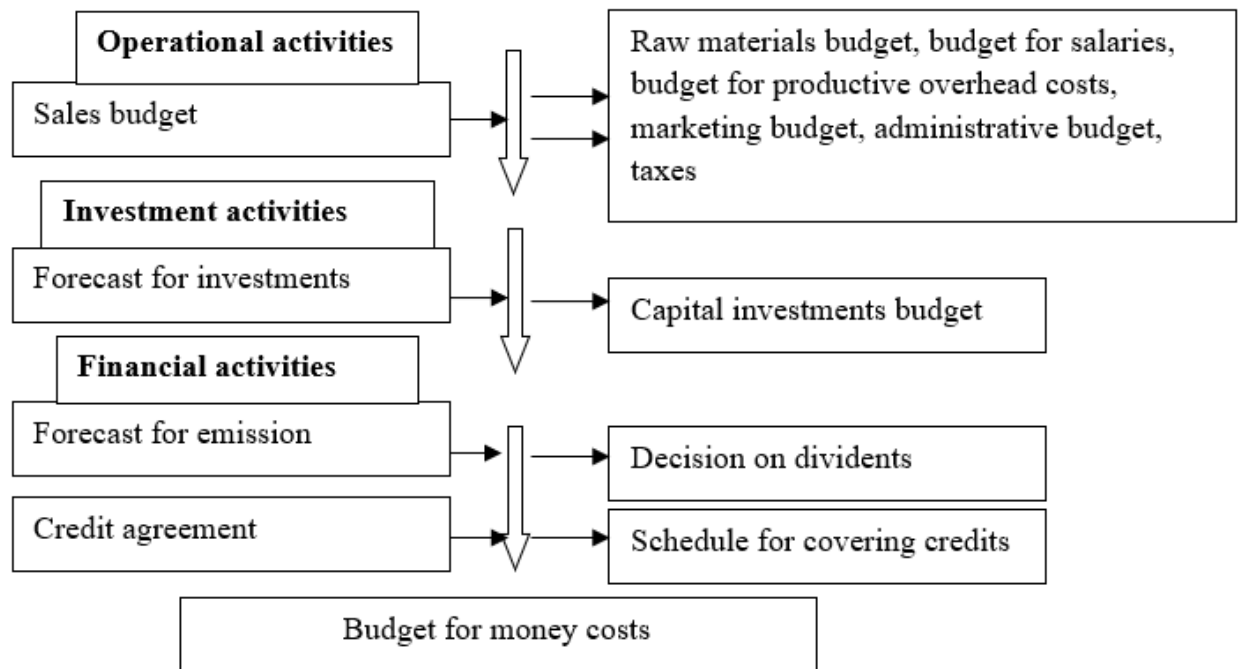
<b>N</b>	<b>Contents of the stage (events)</b>	<b>Executors</b>
1	Developing (refining) of the strategic goals	Strategic planning team, controller
2	Making and advising top and middle managers of the "budget resolution" (planning letter)	Central control service, signed by the board
3	Development of special primary forms for collecting information and bringing them to those responsible for filling them out by employees or structural subdivisions.	Controlling department
4	Filling in the primary forms and sending them to the controlling department	Structural subdivisions
5	Development of financial forecasts, planning and analysis of alternatives (alternative ways of attracting and using resources)	Controller in cooperation with the relevant services
6	Balancing plans by optimally combining existing alternatives	Controlling service
7	Координація показників різних бюджетів	Controlling service
8	Fixing agreed indicators in specific budgets	Controlling service
9	Approval of budget indicators and bringing budgets to executives	Senior management. Management of the enterprise.
10	Budgetary control: the definition of deviations of the actual indicators of planned plans and the analysis of the causes of deviations	Controlling services in cooperation with budget executors
11	Reporting (preparation of interim and final reports) on the results of budget execution	Controlling service
12	Adjusting of plans and budgets according to the recommendations contained in the reports	The group of strategic planning, management of the enterprise, the controller



**Fig. 5.6 The budgeting procedure for a manufacturing company**



**Fig. 5.7 Sequence of drawing up and interconnection of budgets of the trade enterprise**



**Fig. 5.8 Procedure for drawing up the budget of funds**

### **Practical Work 5. System of planning and budgeting at the enterprise**

#### **Objectives:**

- to understand the essence of planning and budgeting at the enterprise;
- to distinguish the indicative and directive planning;
- to evaluate the system of budgeting at the enterprise

#### **Theoretical background**

Budgeting is a necessary component of financial planning, as the basis of any operational or current financial plan is the system of relevant budgets. As well as current planning in general, budgeting is aimed at the phased transformation of the strategic financial plan into the system of current plans, their consistent implementation in order to achieve the strategic goals of the enterprise.

Within the budgeting system, information is accumulated and analyzed by both enterprises as a whole and centers of responsibility. The formation of the complex of

interaction of the centers of responsibility is carried out in accordance with the previously developed strategy, requires a comprehensive analysis and restructuring of the existing in enterprises and other structures of the management system, organizational, production. This is a purposeful work to create not just a set of centers of financial responsibility, but to create a set of interacting (symbiosis) structural units.

Center of responsibility is a separate unit (segment) of the entity, headed by the head, who is responsible for the results of its activities.

As a rule, there are four types of financial responsibility centers in the financial structure:

- 1) cost centers;
- 2) income centers;
- 3) profit centers;
- 4) investment centers.

#### **Practical Task:**

1. Define the functions of each of the centers of responsibility presented above.

Make conclusions.

2. Solve the case on budgeting

The enterprise plans its activities for the next month.

Initial data:

- Planned sales volume: 3,000 units
- Price per unit: 200 UAH
- Variable costs per 1 unit: 120 UAH
- Fixed costs: 150,000 UAH
- Income tax rate: 18 %

You need to prepare:

1. Income budget (revenue)
2. Expense budget
3. Define operating profit
4. Define net profit

### **Control questions**

1. What are "budget", "budgeting" and "budget cycle"?
2. What stages does the budget cycle include?
3. How are budgets classified in terms of baseline data and periodicity of coverage?
4. How do operational budgets differ from the main budget?
5. What steps are typical for drawing up an operating budget for manufacturing companies?
6. What are the most common methods of forecasting the volume of sales?
7. What factors underlie sales planning?
8. What common and different risks are inherent in budgets and standards?
9. In what cases are perfect and real standards used?
10. What are the peculiarities of the procedure for determining deviations abroad compared to the domestic method?
11. What is the role of flexible budgets in the calculation of deviations?
12. What factors affect the deviation of direct costs?
13. What are the features of the method of calculating the influence of factors on the deviation of variable and fixed costs?

## TOPIC 6. ECONOMIC ANALYSIS IN CONTROLLING

### Content

- 6.1. The essence of economic analysis in the controlling system
- 6.2. Methods of operational analysis
- 6.3. Methods of Strategic Analysis
- 6.4. Control questions

### *Lecture material on the topic in the form of schemes and tables*

**Economic analysis** is the process of examining economic data, activities, or systems to understand how resources are produced, distributed, and used, and to support decision-making.

**In simple terms** it helps answer questions like:

- How profitable is a business?
- What affects costs and revenues?
- How efficient is the use of resources?
- What will happen if conditions change?

**Fig. 6.1** The essence of economic analysis

## *Types of economic analysis*

- ***Operational analysis*** is carried out in an operational or short-term management system for a decade, a week, a day, a change; aimed at studying the primary short-term causal relationship in the management object, whose results are reflected, mainly, by operational accounting.
- ***Current analysis*** is used in the current or mid-term management system; provides a detailed study of the nature of the implementation of the plan and program tasks of current periods (months and quarters with a summary); detects and eliminates the negative reasons that are characteristic of a certain system; activates the use of current reserves, which contribute to the achievement of the goal.
- ***Prospective analysis*** is carried out in a long-term or long-term management system; is intended to provide a substantiation of the forecasted results of economic activity, which are reflected in long-term plans and programs (for 5-15 years), to evaluate the actual implementation of these programs; is a study of the factors of enterprise development, interconnection and influence on performance indicators in the dynamics over a long period of time.

**Fig. 6.2 Types of economic analysis**

**Methods of economic analysis** are the tools and approaches used to study economic processes, evaluate performance, and support decision-making. They include

- **Comparison method**  
Comparing actual results with:
  - planned (budgeted) values
  - previous periods
  - industry averages.
  - *Helps identify deviations and performance gaps.*
- **Grouping method**  
Dividing data into groups based on certain criteria (e.g., costs by type, products by profitability).  
*Makes patterns and relationships easier to see.*
- **Index method**  
Uses index numbers to measure changes over time (e.g., price index, production index).  
*Shows growth or decline trends.*
- **Balance method**  
Examines the relationship between resources and their use (e.g., income = expenses + savings).  
*Ensures consistency and completeness.*
- **Chain substitution method**  
Step-by-step replacement of factors to measure their individual impact on a result.  
*Helps identify which factor caused changes.*
- **Elimination method**  
Similar to chain substitution—isolates the influence of individual factors by eliminating others.  
*Useful in factor analysis.*
- **Graphical method**  
Use of charts, graphs, and diagrams.  
*Visualizes trends, relationships, and comparisons.*
- **Statistical methods**  
Includes averages, correlation, regression, variance analysis.  
*Provides deeper quantitative insights.*
- **Economic-mathematical methods**  
Use of mathematical models and formulas (optimization, forecasting).  
*Supports complex decision-making.*
- **Expert (qualitative) method**  
Based on opinions of specialists when data is limited.  
*Useful for forecasting and strategic decisions.*

**Fig. 6.3 Methods of economic analysis**

## **Practical work 6. Economic analysis in controlling**

### **Objectives:**

- to understand the essence of economic analysis in controlling
- to carry out expert diagnostic of enterprise
- to analyze the gap between the fact and the plan

### **Answer the questions:**

1. What is the essence of the analysis?
2. What is the subject and object of economic analysis?
3. Content of management and financial analysis?

### **Provide definitions to the terms below:**

Analysis -

Synthesis -

induction -

Deduction -

Economic analysis -

Technical and economic analysis -

General economic analysis -

Prospective analysis -

Functional and cost analysis -

Correlation analysis -

Sciences with which economic analysis is connected (list):

### **Practical Task:**

I. The company produces products. The following data is available for the month:

Sales volume - 1,000 units

Unit price - 200 UAH

Variable costs per unit - 120 UAH

Fixed costs - 50,000 UAH

Required:

Calculate revenue

Total variable costs

Marginal revenue

Profit

Break-even point (in terms of physical terms)

II. Determine the importance of economic analysis of enterprise of your choice.

Make conclusions.

### **Control questions**

1. What is the role of economic analysis in controlling?
2. How does controlling support managerial decision-making?
3. What are the main objectives of economic analysis in a company?
4. What is the difference between controlling and financial accounting?
5. What is marginal contribution and how is it calculated?
6. How do fixed and variable costs affect profitability?
7. What is the break-even point and why is it important?
8. How can a company increase its contribution margin?
9. What is the purpose of budgeting in controlling?
10. What types of budgets are used in controlling systems?
11. How does variance analysis help in performance evaluation?
12. What are the main steps in preparing an operational budget?
13. What methods are used in economic analysis within controlling?
14. How does factor analysis help identify performance drivers?
15. What is the importance of comparative analysis?
16. How are index methods used in economic analysis?
17. What indicators are used to measure company performance?
18. How is profitability analyzed in controlling?

## TOPIC 7. METHODOLOGICAL TOOLKIT OF OPERATIVE CONTROLLING

### Content

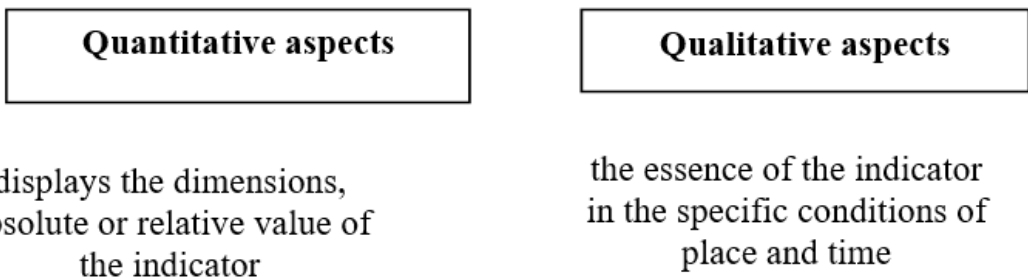
- 7.1. The essence of operative controlling in the controlling system
- 7.2. Methods of operational analysis
- 7.3. Control questions

### *Lecture material on the topic in the form of schemes and tables*

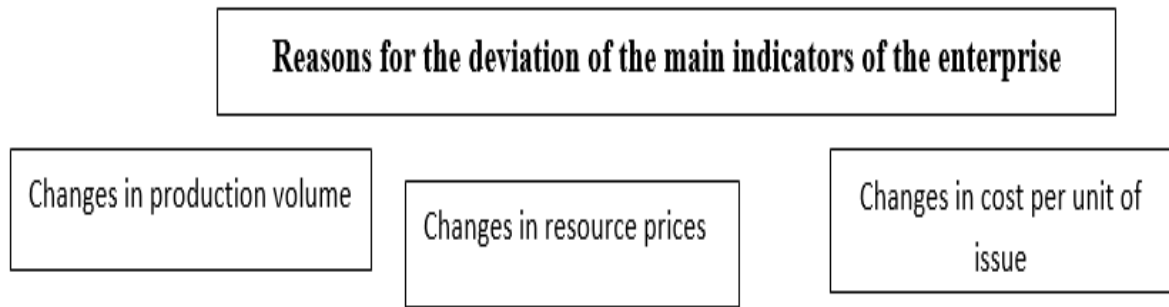
*Operational analysis*

- provide an objective assessment of existing economic situations
- detect and measure the impact of decisive factors on the deviation of the development program in a timely manner,
- to find out the reasons that cause them
- look for reserves to make optimal managerial decisions on the implementation of the development program

**Fig. 7.1. Operational analysis in the controlling system**



**Fig. 7.2 Quantitative and qualitative aspects of indicators in controlling**



**Fig. 7.3. Reasons for the deviation of the main indicators of the enterprise**

## ABC-analysis

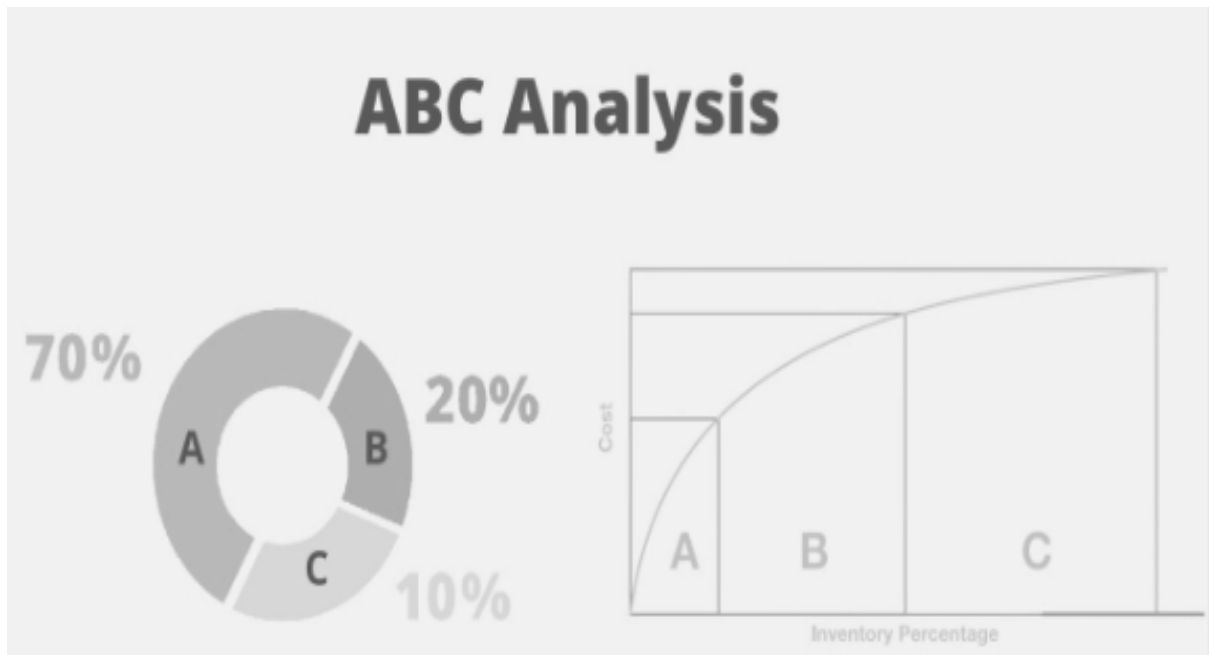
- is an important method used by the enterprise to determine key points and priorities;
- allows discovering structural elements and taking effective corrective actions;
- allows comparing indicators in both physical and value terms

**Fig. 7.4 The ABC-analysis**

### ABC analysis classes

	Importance	Percentage of total inventory	Impact on revenue or profits
Class A	Vital	Low	High
Class B	Important	Medium	Medium
Class C	Less important	High	Low

**Fig. 7.5 The ABC-analysis classes**



**Fig. 7.6 The ABC-analysis classification**

***Procedure for performing ABC-analysis:***

- Creation of a list of all types of activities for the relevant planning period of one month.
- Organizing of all tasks by the importance, that is, in their value assessment to achieve the goals set.
- Estimation of all considered activities according to the ABC scale.
- Checking personal timetable in terms of meeting the importance of the tasks and scheduled for their execution time.
- Adjusting the time schedule according to the installation on the A-, B- and C-tasks.

**Fig. 7.7 Procedure for performing ABC-analysis**

The tasks performed by managers at all levels can be divided into groups:

### **A-tasks.**

- As a rule, these tasks can be performed only by the entrepreneur or one of the managers of the enterprise. These tasks, which cannot be delegated, are often very important and complex. A-tasks are usually closely interwoven with other tasks. Failure or too late execution of A-tasks is a big problem. Yes, the entrepreneur must negotiate with wholesale buyers independently.

### **B-tasks**

- These tasks are important, but their execution can often be delegated to competent staff. The "average" clients an entrepreneur can visit himself. However, there is no need to personally maintain contact with all these clients. Each entrepreneur must have the ability to be staffed by whom he can entrust implementation of the B-tasks.

### **C-tasks.**

- C-tasks include administrative and managerial work and part of correspondence work. The tasks of this class are daily routines that make a small contribution to the achievement of goals. These tasks should be delegated to have more time to perform the most important tasks.

**Fig. 7.7 Groups of tasks performed by managers**

**Table 7.1.**

#### **The coordinator's tasks**

1. The choice of the topic	Survey of the departmental staff and formation of a list of priorities
2. Information	Data collection and preparation Intermediary talks
3 Leadership	Experience exchange
4. Supporting of the interest	Reconciling conversations Improving motivation
5 Intermediary activities	Management of the enterprise Managers Employees
6. Support	Management of the enterprise Departments
7. Trainings for the leaders	Assignment of tests Conducting of experience Collection of evidence
8. Reports	Training inside and outside the enterprise Group training ABC analysis Techniques of creativity development
9. The functions of the control	Monthly reports Presentations Meeting dates Harmonization of the work of the group Controlling the result

**Table 7.2****XYZ-analysis of the structure of consumption**

<b>Material</b>	<b>Structure of consumption</b>
X	The consumption is regular
Y	Consumption tends to increase or decrease or is subject to seasonal fluctuations
Z	Consumption is irregular

**Table 7.3****Procurement activities**

<b>Material</b>	<b>Terms of procurement</b>
X	synchronous to the manufacturing process
Y	Creating stocks
Z	Individual purchase orders

**Table 7.4****XYZ-analysis for prediction accuracy**

<b>Material</b>	<b>Prediction accuracy</b>
X	High
Y	Middle
Z	Low

**Table 7.5****The combination of ABC- and XYZ-analysis**

	<b>A</b>	<b>B</b>	<b>C</b>
X- material	High consumer value	Middle consumer value	Low consumer value
	High degree of reliability of consumption forecast	High degree of reliability of consumption forecast	High degree of reliability of consumption forecast
Y- material	High consumer value	Middle consumer value	Low consumer value
	Average reliability of the forecast of consumption	Average reliability of the forecast of consumption	Average reliability of the forecast of consumption
Z- material	High consumer value	Middle consumer value	Low consumer value
	Low degree of reliability of consumption forecast	Low degree of reliability of consumption forecast	Low degree of reliability of consumption forecast

**Practical Work 7. Methodical toolkit of operative controlling****Objectives:**

- to understand the essence of operative controlling.
- to determine measures of operative controlling
- to determine ways of implementation of operative controlling
- to appoint responsible persons

**Practical Task****I. Solve the case**

The company sells 5 groups of products. Annual sales data:

<b>Goods</b>	<b>Sales volume, gryvnia</b>
A	500 000
B	300 000
C	120 000
D	50 000
E	30 000

**Task:**

1. Conduct ABC analysis

2. Identify groups A, B, C
3. Draw conclusions for controlling

## II. Solve the case

The company sells 5 products. Data:

Goods	Sales, gryvnia	Deviation index (V), %
A	500 000	10%
B	300 000	25%
C	120 000	15%
D	50 000	40%
E	30 000	60%

Classification conditions:

• ABC analysis:

A: up to 80%

B: up to 95%

C: over 95%

• XYZ analysis:

X:  $V \leq 10\%$  (stable demand)

Y:  $10\% < V \leq 25\%$  (moderate fluctuations)

Z:  $V > 25\%$  (unstable demand)

Tasks

1. Conduct an ABC analysis of the company's product range.
2. Conduct an XYZ analysis based on the coefficient of variation.
3. Construct an ABC–XYZ matrix.
4. Determine which group each product belongs to (AX, AY, BY, CZ, etc.).
5. Provide management recommendations for each group from a controlling perspective.

### Control questions

1. What is ABC analysis and what is its purpose in controlling?
2. What is the essence of XYZ analysis?
3. What criteria are used for classification in ABC analysis?
4. How is the coefficient of variation in XYZ analysis determined?

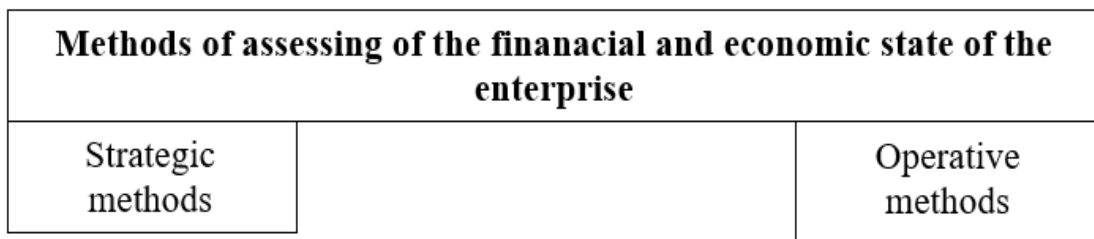
5. What is the difference between groups X, Y and Z?
6. Why is it advisable to combine ABC and XYZ analysis?
7. How to calculate the share of a product in total sales?
8. How to determine the accumulated share in ABC analysis?
9. By what principle is group A formed?
10. How to classify a product with a coefficient of variation of 18%?
11. To which group does a product belong if its accumulated share is 93%?
12. How to determine the combination (for example, AX, BY, etc.)?
13. What management decisions are made for group AX?
14. Why are products in group CZ considered problematic?
15. What are the risks associated with products in group AY?
16. How does ABC–XYZ analysis help optimize inventory?
17. Which products require the most control and why?
18. A company has a product with high sales volume but unstable demand. To which group does it belong and what actions should be taken?
19. What decisions can be made regarding products with low sales volume and high variation?
20. How will the management strategy change if the product moves from group BX to AX?
21. What are the limitations of ABC–XYZ analysis?
22. Is it always advisable to exclude products of group C or Z? Justify.
23. How does digitalization affect the implementation of ABC–XYZ analysis?
24. What role does ABC–XYZ analysis play in the enterprise's controlling system?

## **TOPIC 8. EXPERT DIAGNOSTIC OF ECONOMIC AND FINANCIAL STATE OF THE ENTERPRISE**

### **Content**

- 8.1. Essence of expert diagnostics of financial and economic conditions of the enterprise
- 8.2. Methods of strategic diagnostics
- 8.3. Methods of operative diagnostics
- 8.4. Control questions

### **Lecture material on the topic in the form of schemes and tables**

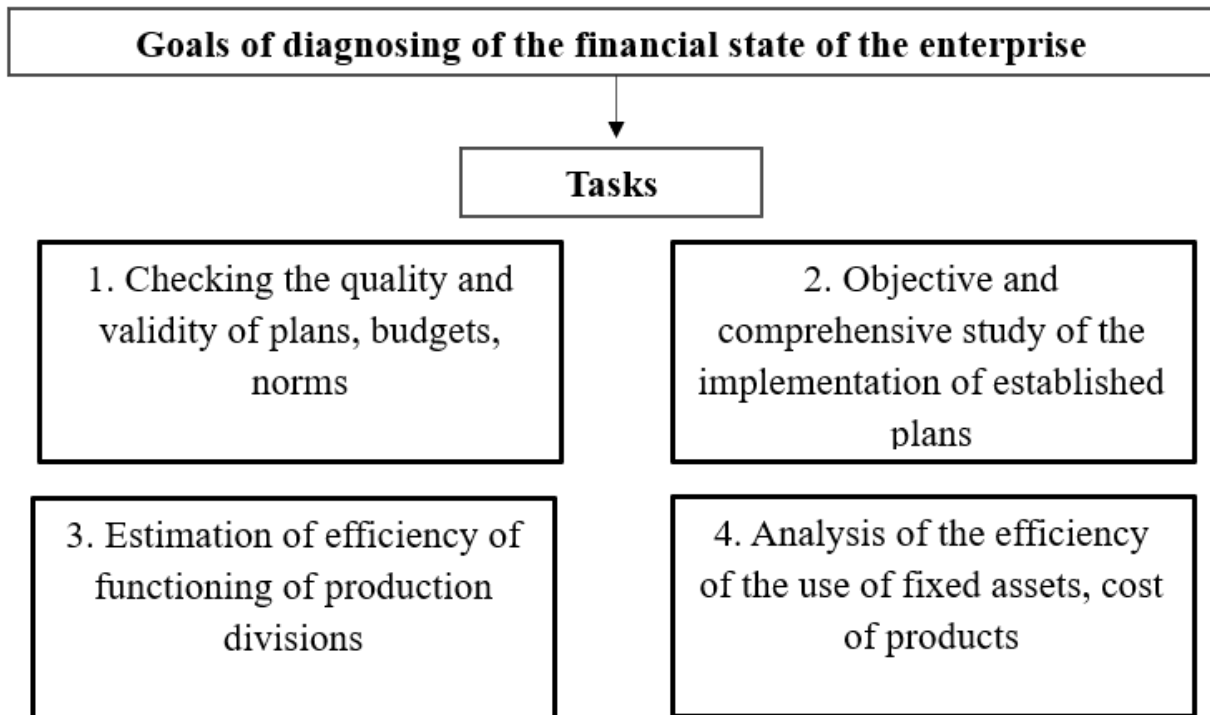


**Fig. 8.1. Methods of diagnostics of financial and economic condition**

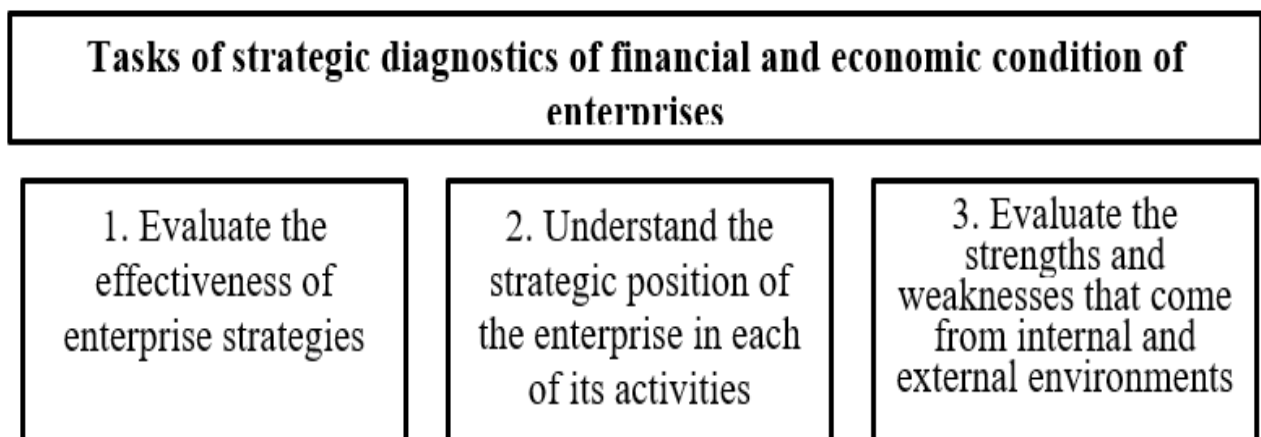
**Table 8.1.**

### **Groups of goals of diagnosing of the financial state of the enterprise**

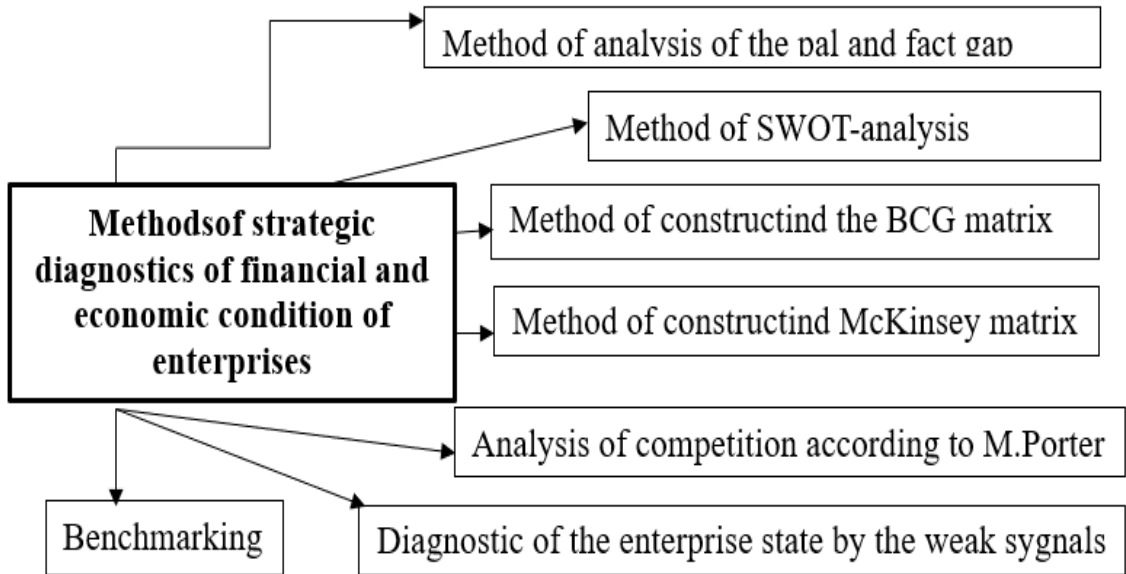
Groups	The main goals of diagnosing of the financial state of the enterprise
I Group	<ul style="list-style-type: none"> <li>- objective assessment of the results of commercial activity;</li> <li>- comprehensive identification of unused reserves;</li> <li>- mobilization of reserves to increase the economic efficiency of production in planned periods</li> </ul>
II Group	<ul style="list-style-type: none"> <li>- constant control of rationality of functioning of economic systems;</li> <li>- control over the implementation of plans and budgets;</li> <li>- control over production and sales processes</li> </ul>
III Group	<ul style="list-style-type: none"> <li>- forecasting of economic activity;</li> <li>- scientific substantiation of perspective plans;</li> <li>- assessment of the reality of the plan</li> </ul>



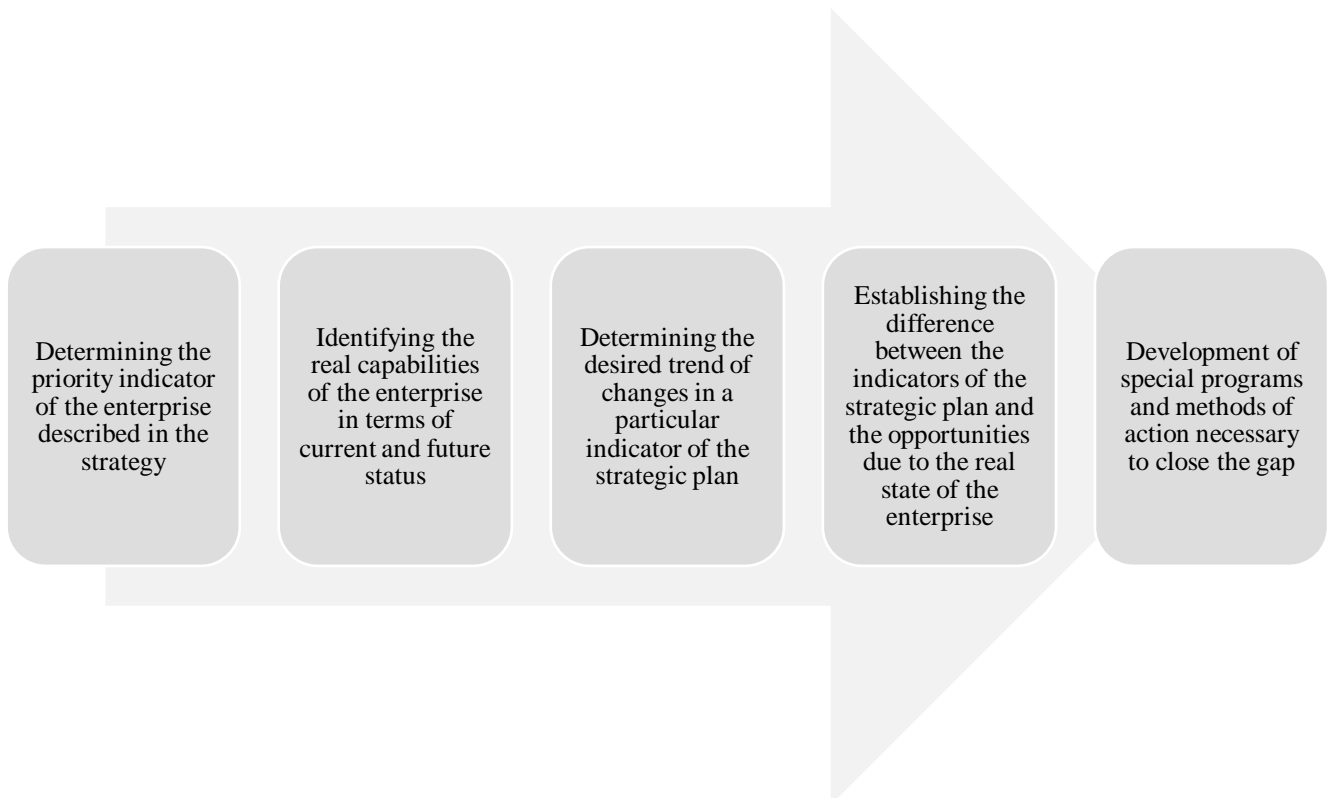
**Fig. 8.2. The main tasks of diagnostics of financial and economic state of the enterprise**



**Fig. 8.3. Tasks of strategic diagnostics of financial and economic condition of enterprises**



**Fig. 8.4. Methods of strategic diagnostics of financial and economic condition of enterprises**



**Fig. 8.5 Algorithm for analyzing the gap between plan and fact**

**The content of expert diagnostics of financial and economic state includes a diversified analysis of all areas of the enterprise:**

- analysis of marketing events;
- analysis of production and sales opportunities;
- analysis of the supply-demand ratio on the market;
- analysis of internal, external and general economic situations affecting production and sales;
- analysis of suppliers, consumers;
- analysis of expenditures of living and settled labor with their details;
- commercial risk analysis;
- analysis of the final financial results of all types of activities;
- analysis of the validity and implementation of plans and budgets.

**Fig. 8.6 Stages of expert diagnostics of financial and economic state**

## Methods of strategic diagnostics:

- **Method for analyzing the gap between plan and fact.** One of the most important tasks at the stage of expert diagnostics of the financial and economic state of the enterprise is the analysis of deviations. This methodology is intended to detect deviations, evaluate them, and analyze the causes that were caused.
- **SWOT-analysis.** This is a strategic planning method that identifies internal and external factors and divides them into four main categories: strengths, weaknesses, opportunities, threats.
- **The matrix of the Boston Consulting Group (BCG)** was created by the team headed by Bruce D. Hendersen. It was done in order to analyze the relevance of company products on the market. There is the model of the product life cycle at the heart of the matrix according to which the product in its development takes place in four stages: the entry into the market of a new product (the conventional name of the stage "Wild cats"), the growth of demand for a new product (the so-called "Stars"), maturity and stable demand for goods (Stage "Milky Cows") and a decline in demand (the "Dogs" stage)
- **The McKinsey Matrix.** The multi-factorial portfolio McKinsey matrix is similar in content to the BCG matrix, reflects the relevance of the categories of "attractiveness-competitiveness", but it has a broader scope and a more flexible approach to strategy formation. The developers of the model were experts in the consulting group McKinsey and General Electric Corporation.
- **Competitive analysis by M. Porter.** Among the various environmental factors affecting the company, the key is distinguished – an industry in which competition is being conducted. The structure of the industry has a significant impact on the formation of the rules of competition, as well as potential strategies of the enterprise. To analyze the state of the company in a competitive environment, the model of the five forces of Michael Porter is used. The matrix is designed for markets with slower growth or those in stagnation and based on the fact that for profit to be above average, an enterprise must have strong positions in relation to its competitors due to cost leadership or the uniqueness and attractiveness of the goods from the buyer's point of view.

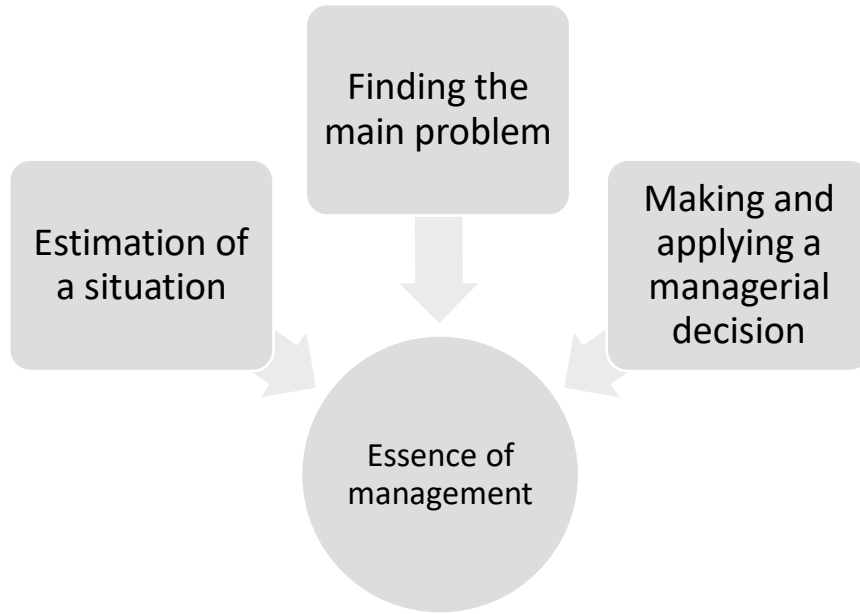
**Fig. 8.7 Method of strategic diagnostic**

**Table 8.2**

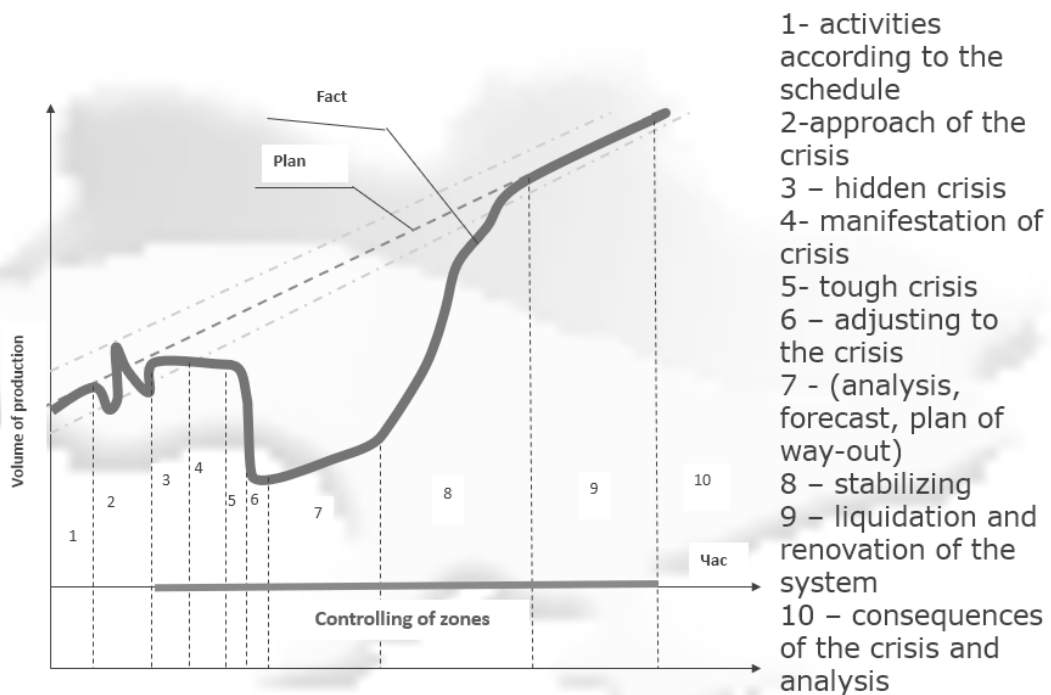
### Assessment of the organization's environment instability

Scale of instability	The foreseen changes	Have such events ever happened before	The possibility to forecast the results
1 grade	Repeating	Familiar	Similar to the past
2 grades	Forecasted	Familiar, have analogies in past	Extrapolation method
3 grades	Corresponding to the reaction of the organization	Unexpected, have analogies in past	Prediction of new challenges and opportunities

4 grades	Partly forecasted	Unexpected, have no analogies in past	Partial forecast by "weak signals"
5 grades	Happen faster than the reaction of the organization	Unexpected or absolutely new	Forecast by "weak signals"



**Fig. 8.8 Diagnostic of economic and financial state**



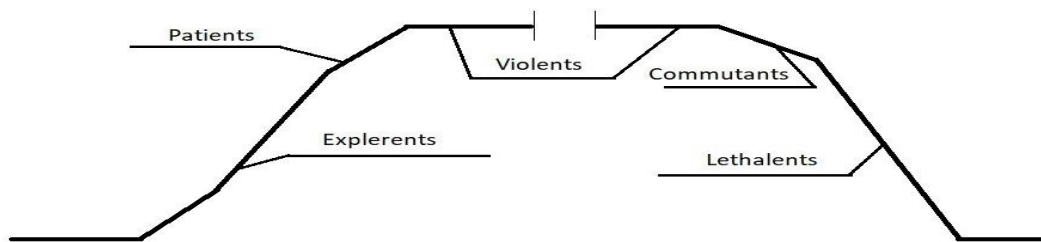
**Fig. 8.9 Controlling of crisis zones**

The first phase: decrease in production and profit, deterioration of the financial state of the enterprise

Second phase: loss of production, increase in accounts payable and accounts receivable, significant deterioration of the financial state of the enterprise, mass dismissal of employees, conflicts

Phase Three: Insolvency. The company has insufficient funds to fulfill its obligations to creditors, to fund radical measures to change the situation for the better, there is a real threat of bankruptcy.

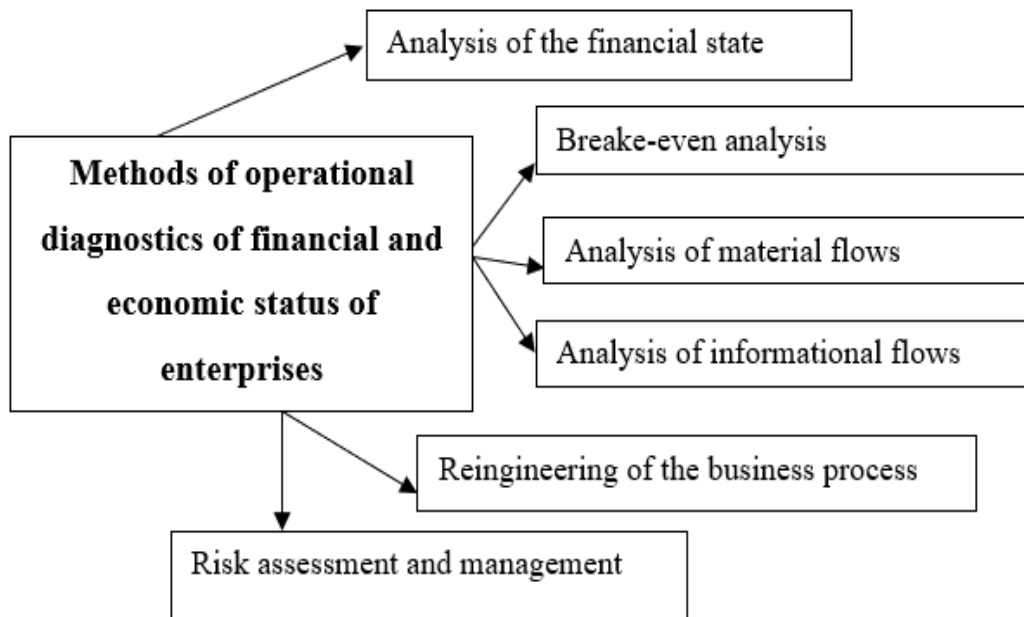
**Fig. 8.10 Phases of controlling of crisis zones**



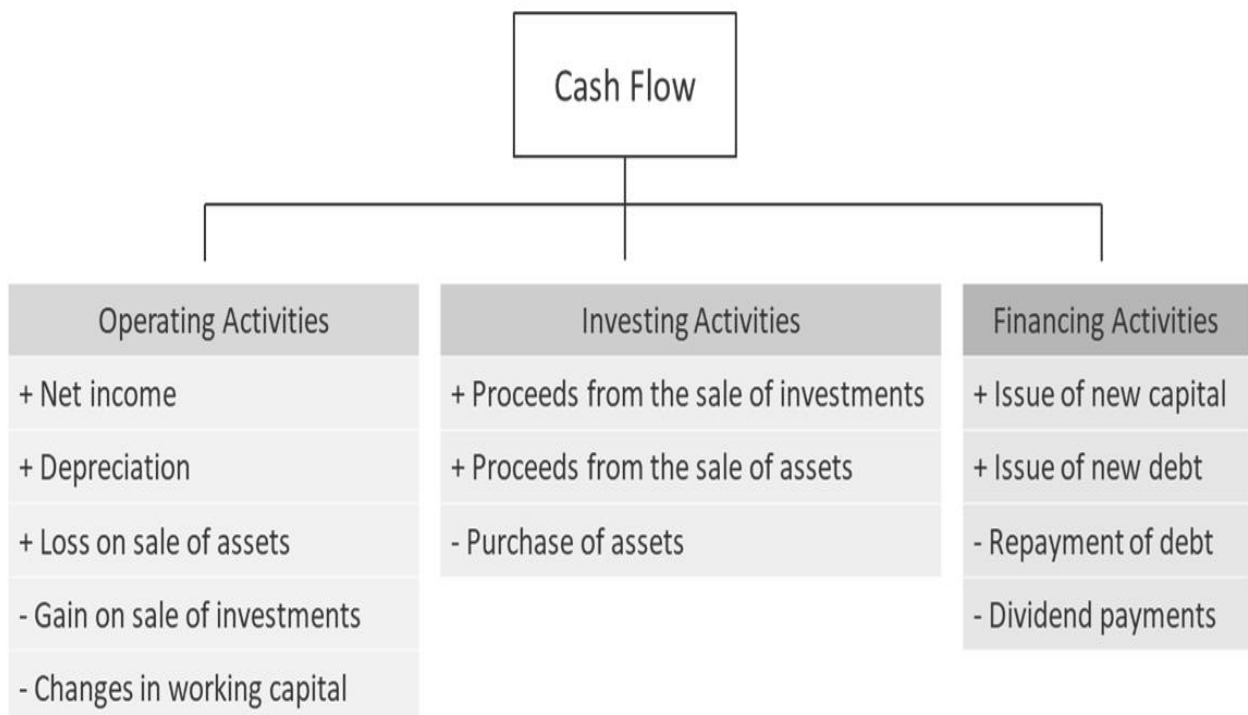
**Fig. 8.11 Groups of enterprises at the market**

Strategy type	Production	The size of the organization	Sustainability of the organization	R&D expenditures	Competitive advantages
<b>Violent</b>	Mass	Big	High	High	High productivity
<b>Patient</b>	Specialized	Large, medium, small	High	Average	Adaptability to the market
<b>Commutant</b>	Universal	Small	Low	Low	Flexibility
<b>Explerent</b>	Experimental	Medium, small	Low	High	Advancement in innovations

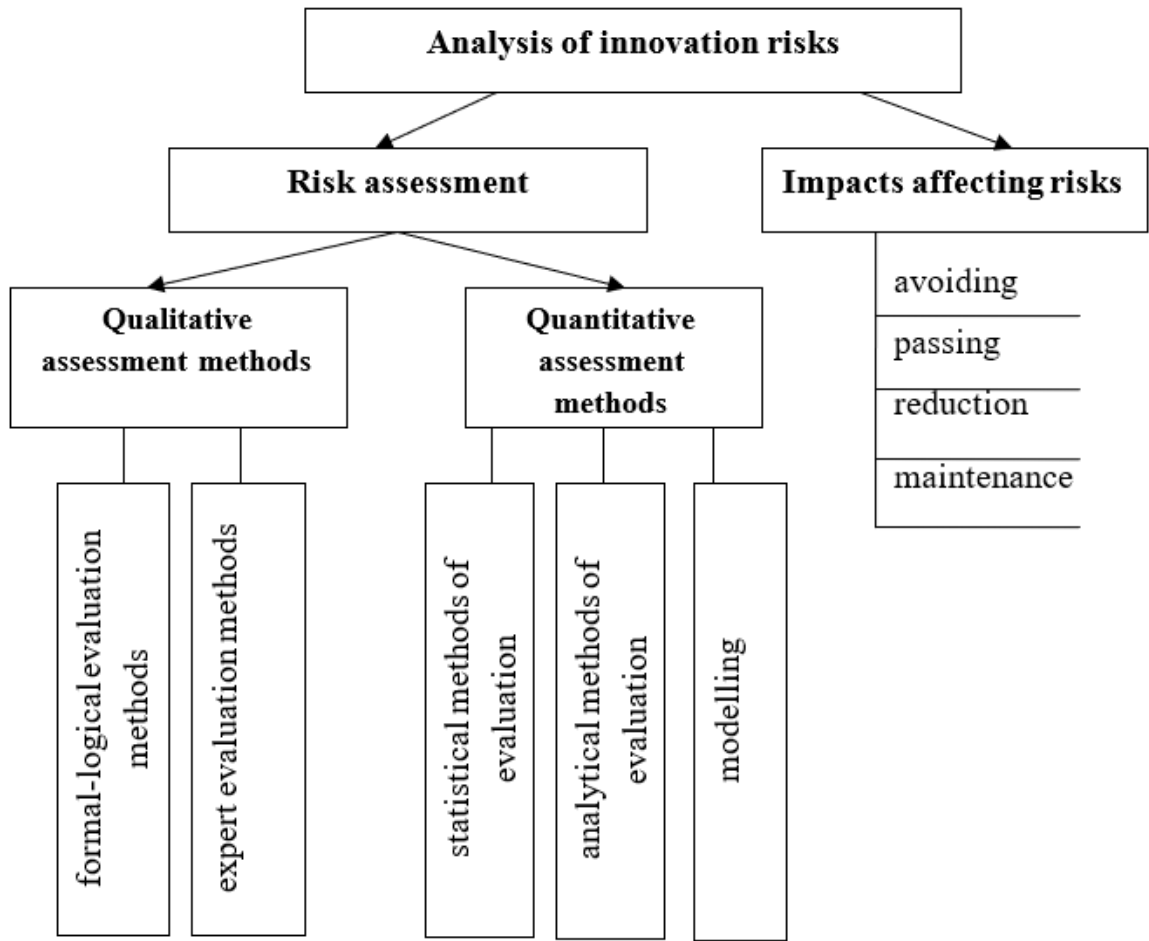
**Fig. 8.12 Matrix of groups of enterprises at the market**



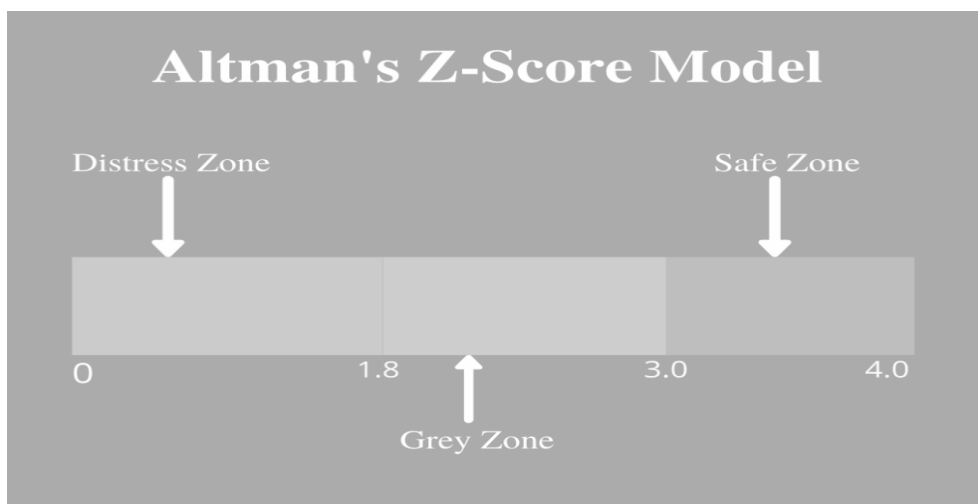
**Fig. 8.13 Methods of operational diagnostics of financial and economic status of enterprises**



**Fig. 8.14 Types of cash flows**



**Fig. 8.15. Methodology of enterprise risk analysis**



**Fig. 8.16 Altman's Z-Score Model**

## **Practical Work 8. Expert diagnostic of economic and financial state of the enterprise**

### **Objectives:**

- to define features of crisis
- to analyze financial state of the enterprise
- to evaluate the financial state of the enterprise on the basis of specific

indices

### **Questions to discuss**

1. How to provide expert diagnostic of economic and financial state?
2. What economic indices can you name?
3. How can you determine financial crisis and financial stability?

### **Practical Task**

#### **Case 1**

An agrarian enterprise obtains 150 000 gryvnas income in a year. The costs are 120 000 gryvnas including the variable costs (VC) 80 000 and the rest are the fixed costs (FC) - 40 000.

Determine the profit, the critical volume of the incomes and the Index of the incomes' safety.

$$\text{Inc} = 150\,000$$

$$\text{TC} = 120\,000$$

$$\text{VC} = 80\,000$$

$$\text{FC} = 40\,000$$

$$\text{Inc min (critical)} = ?$$

#### **Case 2.**

Firm produces and sells 12 000 units of goods per year. The price for a unit is 250 gryvnas. The costs (thousands gryvas) are these:

1. Materials and raw materials – 1140

2. Electricity for production needs – 540
3. Wages for workers - 240
4. Advertising costs - 5
5. Workshop costs – 420
6. Salary of managers – 40
7. Factory costs – 204

*Define:*

- a. Profit if the scopes of sales grow by 10 %
- b. Profit if the Fixed costs grow by 10 %
- c. How many units should be sold to get a profit of 250 000 gryvnas?
- d. What should be the price if having sold 12 000 units we get 250 000 grn of profit?
- e. How many units of goods should be sold to reach breakeven point?

### **Case 3.**

Provide analysis of cash flows of Enterprise L. basing on the data below find the totals. Make conclusion

Description	Amount (\$)	totals (\$)
Cash flow from operations		
Sales (paid in cash)	+30	
Materials	-10	
Labor	-10	
Cash flow from financing		
Incoming loan	+50	
Loan repayment	-5	
Taxes	-5	
Cash flow from investments		
Purchased capital	-10	
Total		

## Case 4.

The net cash flow only provides a limited amount of information. Compare, for example, the cash flows over three years of two companies. Make conclusion

	Company A			Company B		
	Year 1	Year 2	year 3	Year 1	Year 2	year 3
Cash flow from operations	+20M	+21M	+22M	+10M	+11M	+12M
Cash flow from financing	+5M	+5M	+5M	+5M	+5M	+5M
Cash flow from investment	-15M	-15M	-15M	0M	0M	0M
Net cash flow	+10M	+11M	+12M	+15M	+16M	+17M

Make conclusion

### Control questions

1. What is the purpose of an expert diagnostics of the financial and economic condition of the enterprise?
2. Describe the sources of information used for expert diagnostics of the financial and economic condition of the enterprise.
3. List the main tasks that should be solved during the implementation of expert diagnostic of the financial and economic condition of the enterprise.
4. What methods of strategic diagnostics are used in the expert assessment of the financial and economic condition of the enterprise?
5. Name the most common special methods which can be used to analyze the strategic position of the enterprise at the market.
6. What are the methods of operational diagnostics of the financial and economic state of the enterprise?
7. What indicators form the basis of the analysis of the company's financial condition?
8. What is Altman's Z-score and for what purpose is it used?
9. What is the financial stability of the enterprise?

10. What is the difference between the company's solvency and its creditworthiness?

11. Name the indicators of receivables and payables.

## TOPIC 9. CONTROLLING OF INVESTMENT PROJECTS

### Content

- 9.1. Features of controlling investment projects
- 9.2. Methods of evaluation of investment projects
- 9.3. Criteria for evaluating investment projects in controlling

### *Lecture material on the topic in the form of schemes and tables*

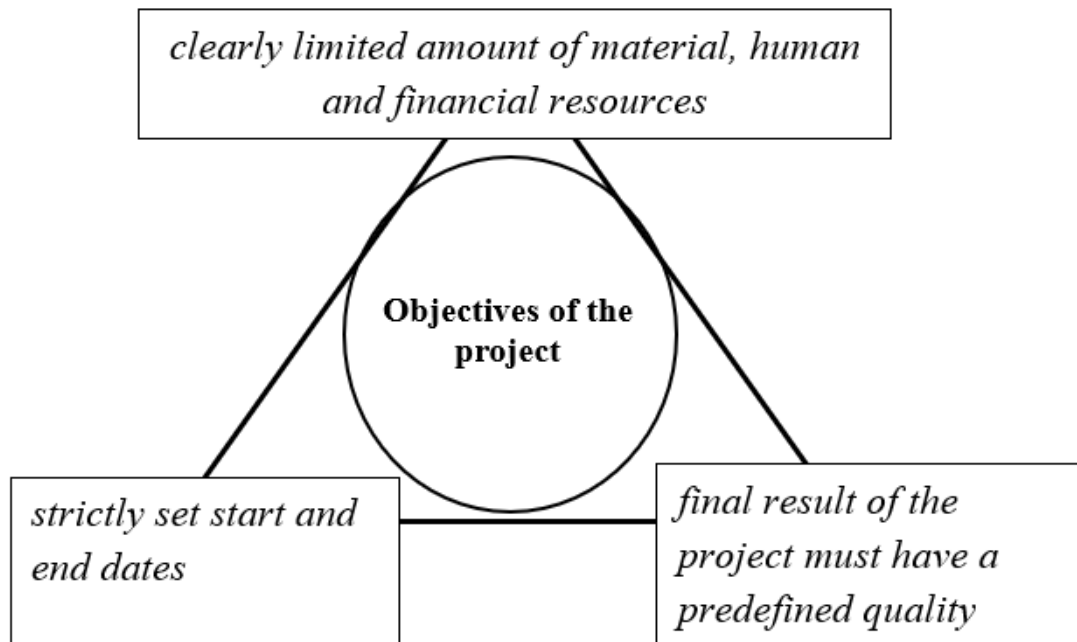
**Investment project** is a plan or program of measures related to the implementation of capital investments in order to profit. The term "investment project" can be considered as a set of documents containing plans, the purpose of future investment activity or as a set of actions, works, services, management operations aimed at achieving the stated goal. The investment strategy of any enterprise can consist of developing and adopting several investment projects.

**Investments** – all types of property, material and intellectual property invested in objects of entrepreneurship and other activities, resulting in the creation of profit or achieved a certain social effect.

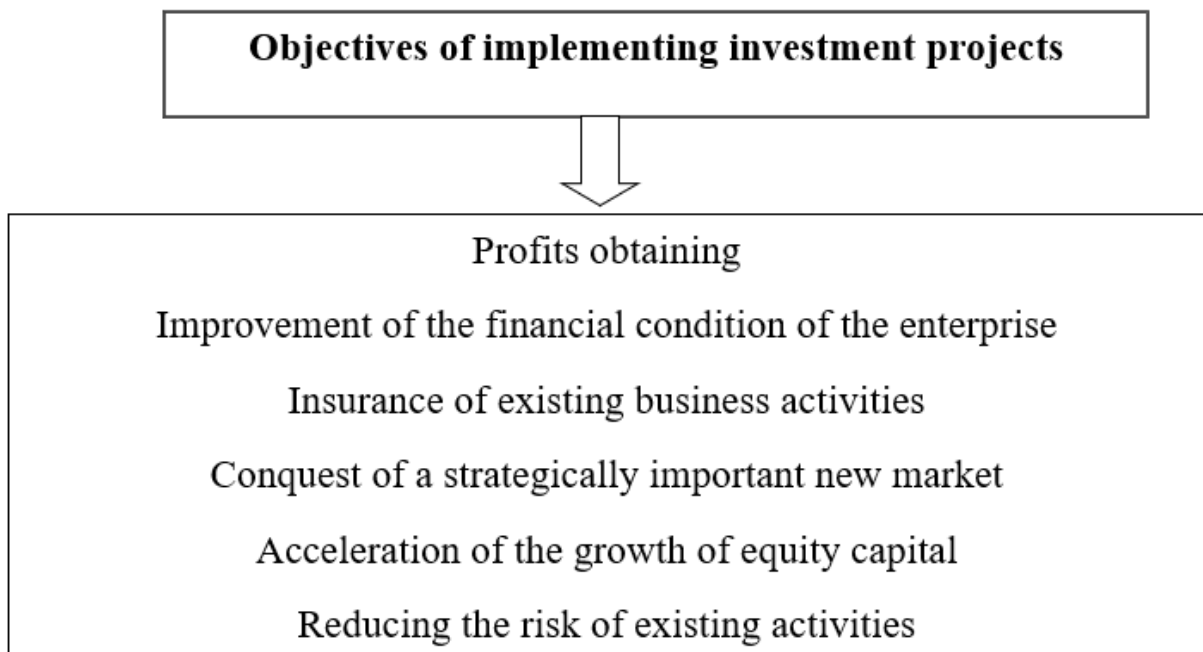
**Fig. 9.1 The essence investment projects**

<b>Signs of projects</b>	<ul style="list-style-type: none"> <li>1) the project has a goal or several goals</li> <li>2) the project involves the need for interrelated actions</li> <li>3) projects have a limited duration in time</li> <li>4) projects are unique</li> </ul>
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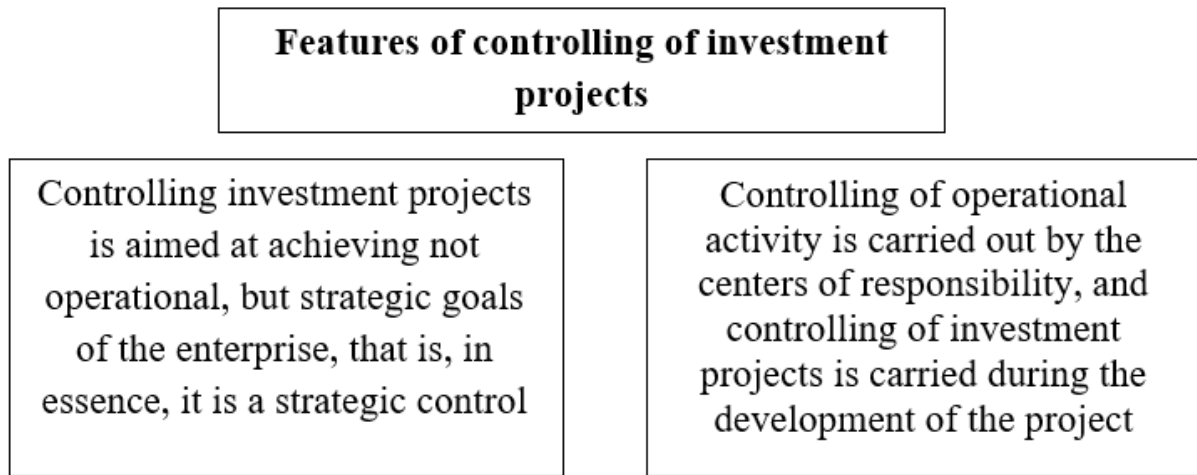
**Fig. 9.2 Signs of projects**



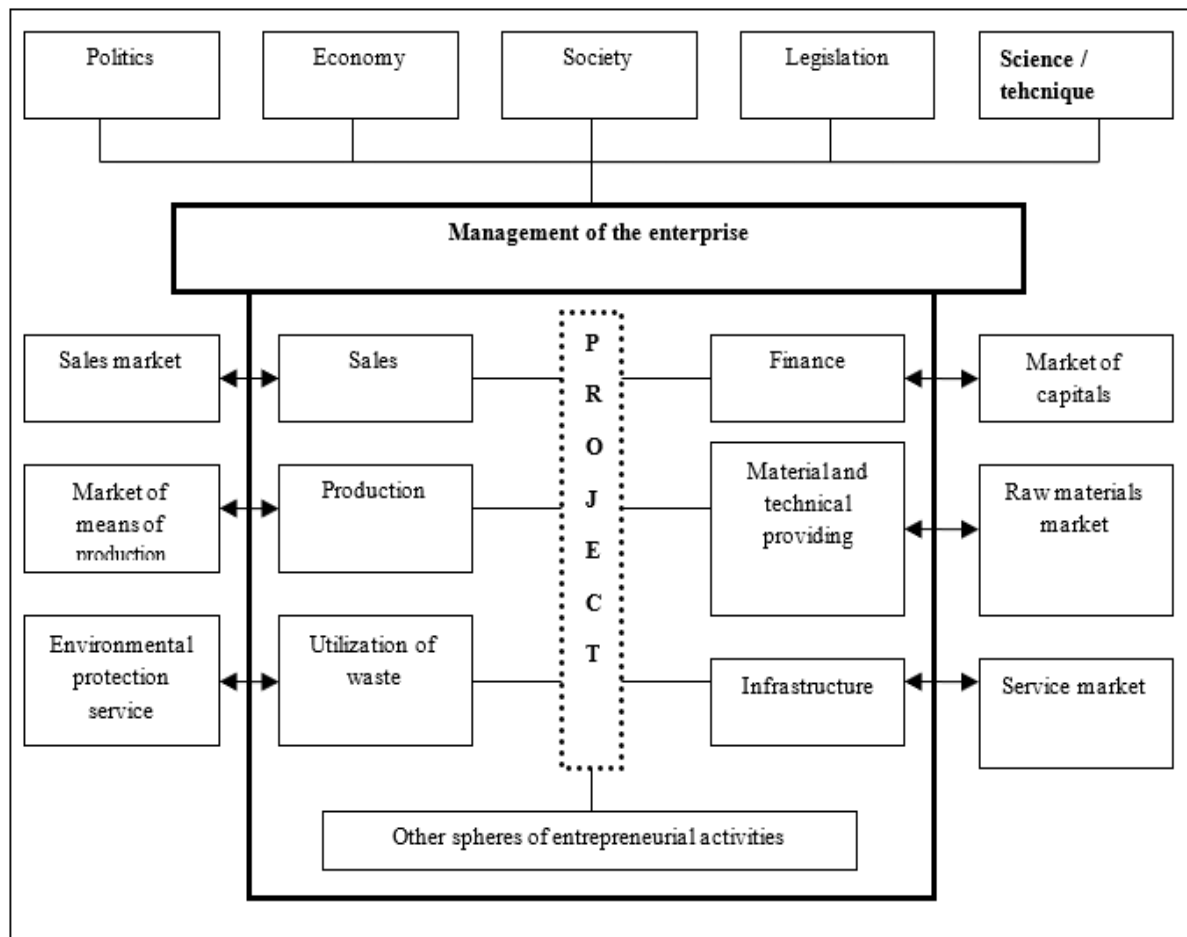
**Fig. 9.3 Triangle limiting project goals**



**Fig. 9.4 Objectives of investment projects**



**Fig. 9.5 Features of controlling of investment projects**

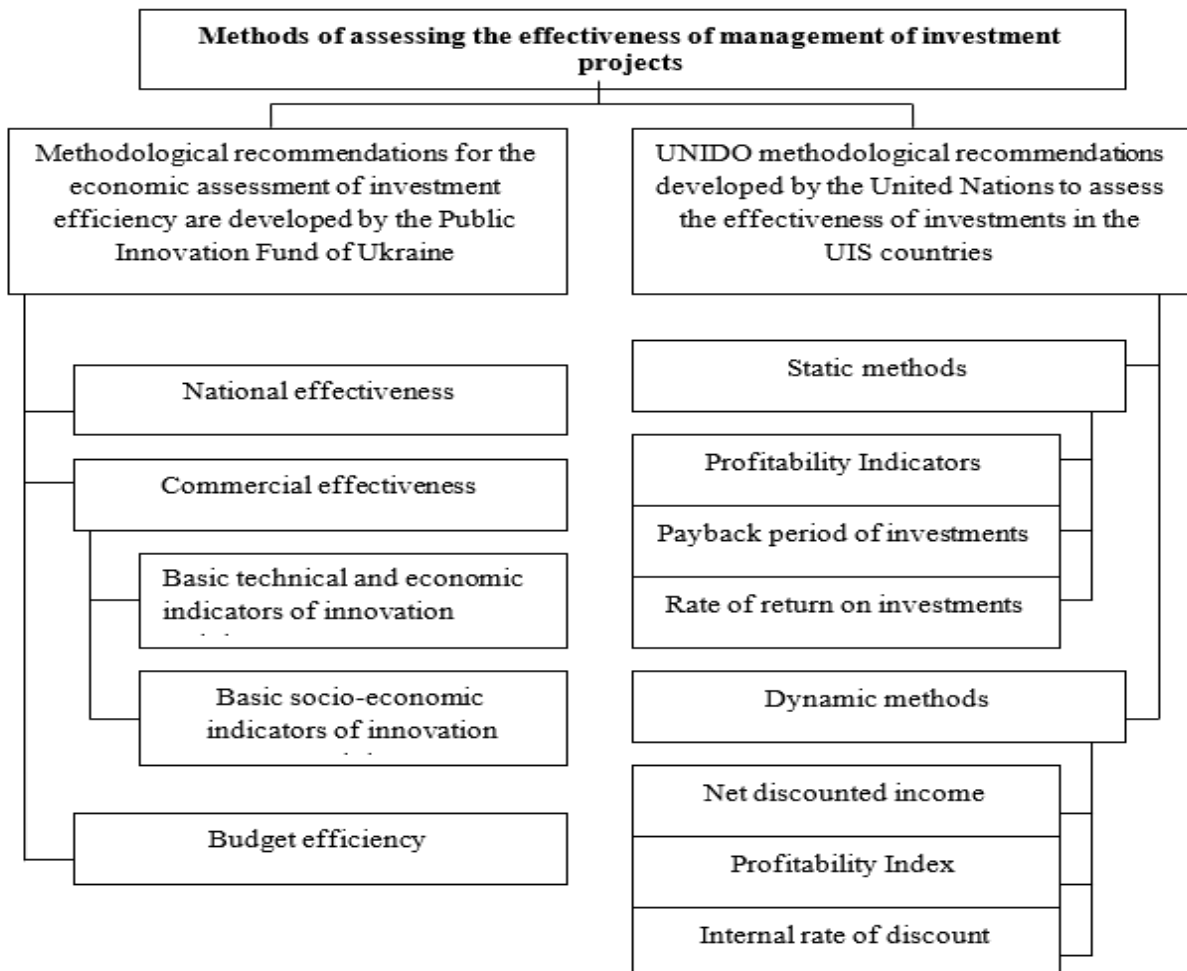


**Fig. 9.6 Scheme of investment project environment**

Table 9.1

### Algorithm for controlling investment projects

Analysis of the external environment	Analysis of the internal environment
Substantiation of the selected investment project	
Determination of the planned end result	
SWOT-analysis	
Determination of deviations of actual indicators from planned, causes of deviations, identification of responsible persons for each unit.	
Determination of the degree of influence of deviations on the final result of the investment project	
Adoption of managerial decisions	



**Fig. 9.7 Methods of evaluating the effectiveness of management of investment projects**

- *payback of investments* – the term during which the return of capital investments in the form of profit;

- *profitability of investments* – determine the ratio of profit to the amount of capital investments.

*Discounting* is a procedure for determining the present value of future cash flows, taking into account the time factor. The criteria for evaluating investment projects with discounting cash flows are:

- *Net present value (NPV)* is the sum of the estimated values of all cash income and expenses. The net present value of an investment project can be defined as the maximum amount that a firm can pay for the opportunity to invest in this project without worsening its financial position;

- *Internal Rate of Return (IRR)* – the discount rate at which the net present value of the investment is zero. The internal rate of return on investment project should not be less than a certain minimum that the firm chooses for itself. The internal rate of profitability can be represented as the interest rate that the investor can pay without losing money;

- *the discounted payback* shows at what moment of the net present value of the investment will be equal to zero. The difference between the lifetime of the investment and the payback period is the period of time when the project brings economic benefits;

- *profitability index (PI)* – the ratio of the estimated value of all cash inflows from an investment project to the present value of investment capital. The profitability index shows which economic benefits the investment project will bring for each hryvnia spent;

- *annuity* – a sequence of identical cash flows that are constantly repeated.

### **Fig. 9.8 The traditional criteria for evaluating investment projects**

## **Practical Work 9. Controlling of investment projects**

### **Objectives:**

- to acquaint students with the criteria of controlling of investment projects;
- to identify features of controlling investment projects;
- to realize that there are long-term deposits of money and other resources for the purpose obtaining economic benefits;
- to understand system of economic calculations for investment projects.

### **Questions to answer:**

1. What are the features of controlling investment projects that

- allow to distinguish it among other types of controlling?
2. Name the main tasks of controlling investment projects.
  3. What are the principles of the investment controlling system?
  4. List the main functions of investment controlling.
  5. Name the criteria for evaluating investment projects, their advantages and disadvantages.

### **Practical tasks**

#### **Practical task 1.**

It is necessary to define future value of investments and the amount of compound interest for the whole period of investing in such conditions:

Initial value of investments (P) = 100 thousands grn;

Discounted rate of return (i) = 12 %;

Investment period (n) = 3 years.

#### **Practical task 2.**

It is necessary to define present value of money in three years in such conditions:

Future value = 100 thousands grn;

Discounted rate of return (i) = 12 %;

Investment period (n) = 3 years.

#### **Practical task 3.**

According to the Investment project A valued at 30 million grn such money inflows are planned:

= 10 million grn.,  $P_2 = 12$  million grn.,  $P_3 = 20$  million grn.

Define net present income from the project if the discounted rate of return is 15 %.

For Investment project B valued at 50 million grn such money inflows are planned:

$P_1 = 20$  million grn.,  $P_2 = 15$  million grn.,  $P_3 = 10$  million grn.

Define net present income from the project and the payback period if the discounted rate of return is 15 %.

Which project is more attractive?

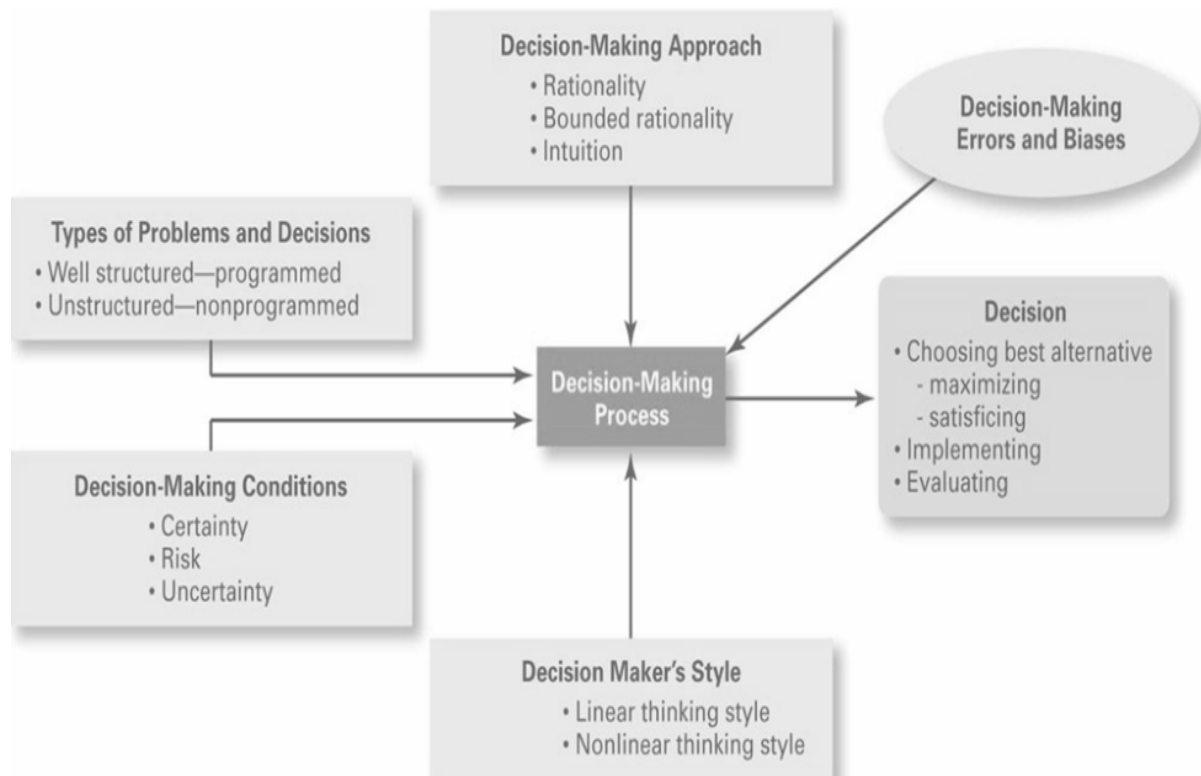
### **Control questions**

1. What are the features of controlling investment projects that allow it to be distinguished from other types of controlling?
2. Name the main tasks of controlling of investment projects.
3. On what principles is the system of controlling of investment projects based?
4. List the main functions of controlling of investment projects.
5. What criteria are used in practice for evaluating investment projects in controlling?
6. Name the traditional criteria for evaluating investment projects.
7. What methods do you know of evaluating investment projects in terms of conditions of uncertainty?
8. For what purpose is the Hurwitz criterion used and what does it represent for yourself?
9. What directions of the process of creating a controlling system in investments do you know in?
10. What is the difference between the existing directions of creating a system of controlling of investment projects?
11. What does the process of implementing of controlling of investment projects include?
12. How exactly do the criteria for discounting of monetary flows differ from traditional criteria?
13. List the main stages of building a system for monitoring investment indicators.
14. What are the principles of development calendar implementation plans in controlling of investment projects?

## TOPIC 10. CONTROLLING IN THE SYSTEM OF DECISION MAKING

### Content

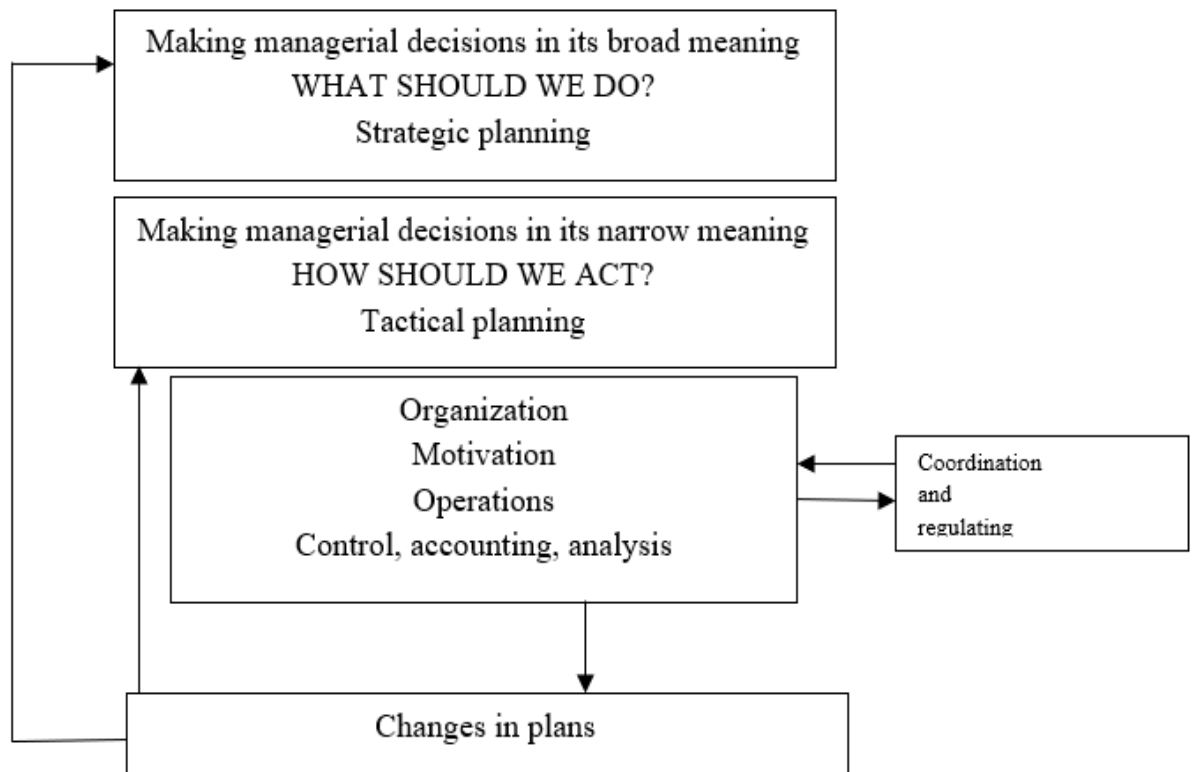
- 10.1. Essential characteristic of managerial decisions and their classification
- 10.2. Basic approaches and requirements for making managerial decisions
- 10.3 Methodological basis for assessing the effectiveness of managerial decisions



**Fig. 10.1 The essence of decision-making**



**Fig. 10.2 Decision-making errors and biases**

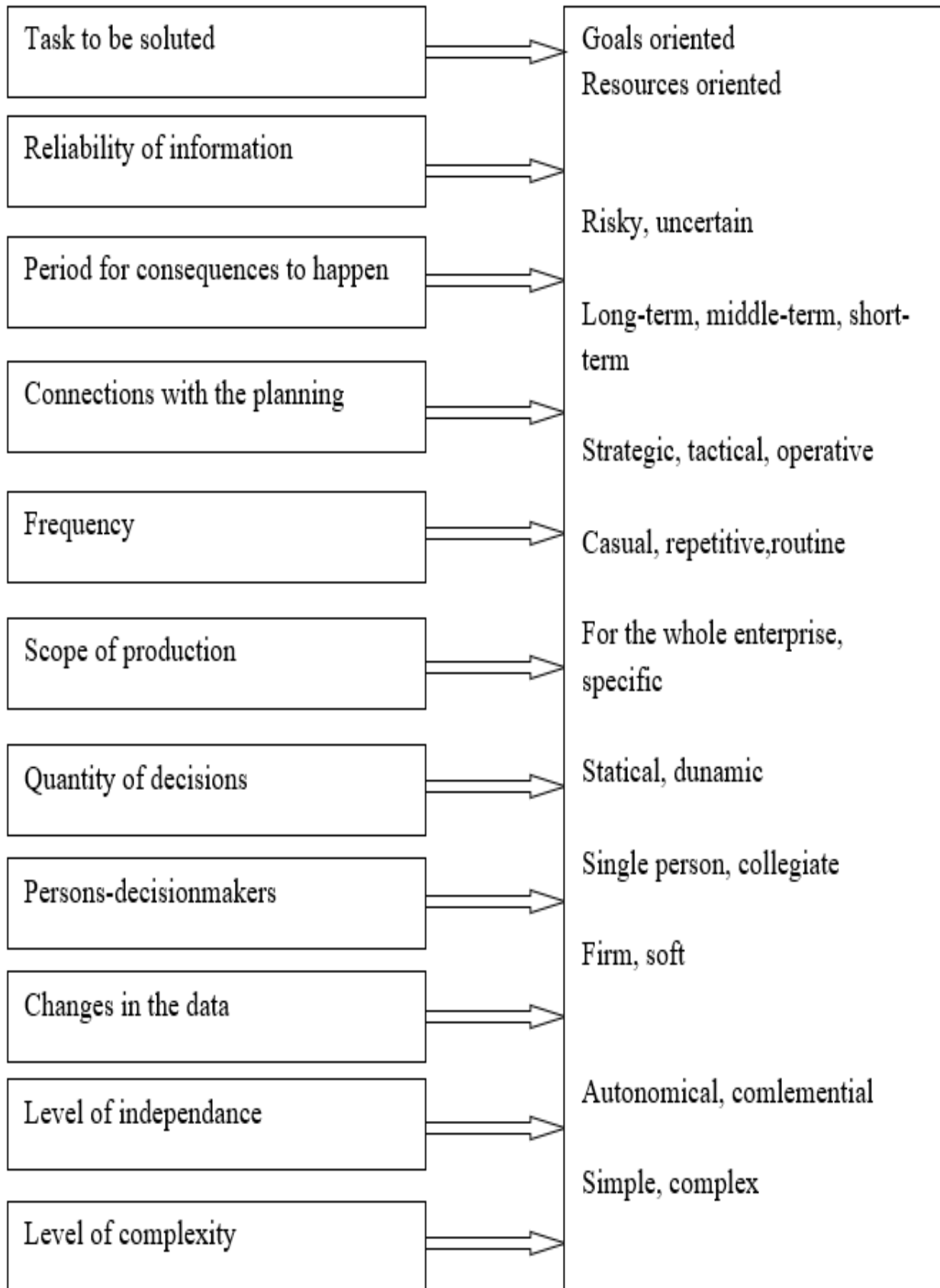


**Fig. 10.3 Management cycle**

The requirements that the controller must reach developing a system of criteria for making managerial decisions:

- a full assessment of all economic consequences of the decisions taken in the short and long periods, based on the objectives of the enterprise (i.e. the assessment of all relevant results);
- compliance with the goals of the enterprise system and consistency;
- adaptability to the analysis in conditions of uncertainty;
- objectivity and availability of output data;
- versatility;
- flexibility (i.e. ability to take into account the changes occurring);
- account of the specifics of the problem to be solved;
- compliance with the personality characteristics of the manager and corporate culture of the enterprise;
- clearness and ease of use;
- dimensionality and objectivity;
- orientation towards perspective, possibility of "early warning"

**Fig. 10.4 The requirements for criteria for decision-making**



**Fig. 10.5** Classification of management decisions by M. Meskon

Table 10.1.

**Choosing of criteria of decision-making**

<b>The main factors</b>	<b>Approach</b>	<b>Criteria of making managerial decisions</b>
<p>External environment: scientific and technical factors, economic factors, natural factors, legal factors</p> <p>Internal environment: costs, terms</p> <p>Tasks: terms, costs, benefits.</p>	Totally rational	Quantitative (profit maximization, stock value of the firm, etc.)
<p>Environment: factors of the cultural environment, demographic factors, political factors, etc. Internal environment: corporate culture (norms, values), hierarchy and authority in organization, personality traits, organizational structure, etc.</p> <p>Task: participants, balance of power, balance of interests, etc.</p>	Totally irrational	Qualitative (conquest of the prestige of the firm, the interests of groups within the company, satisfaction of the head of the ambitions, etc.).

## Basic principles for assessing the effectiveness of the system of management decisions:

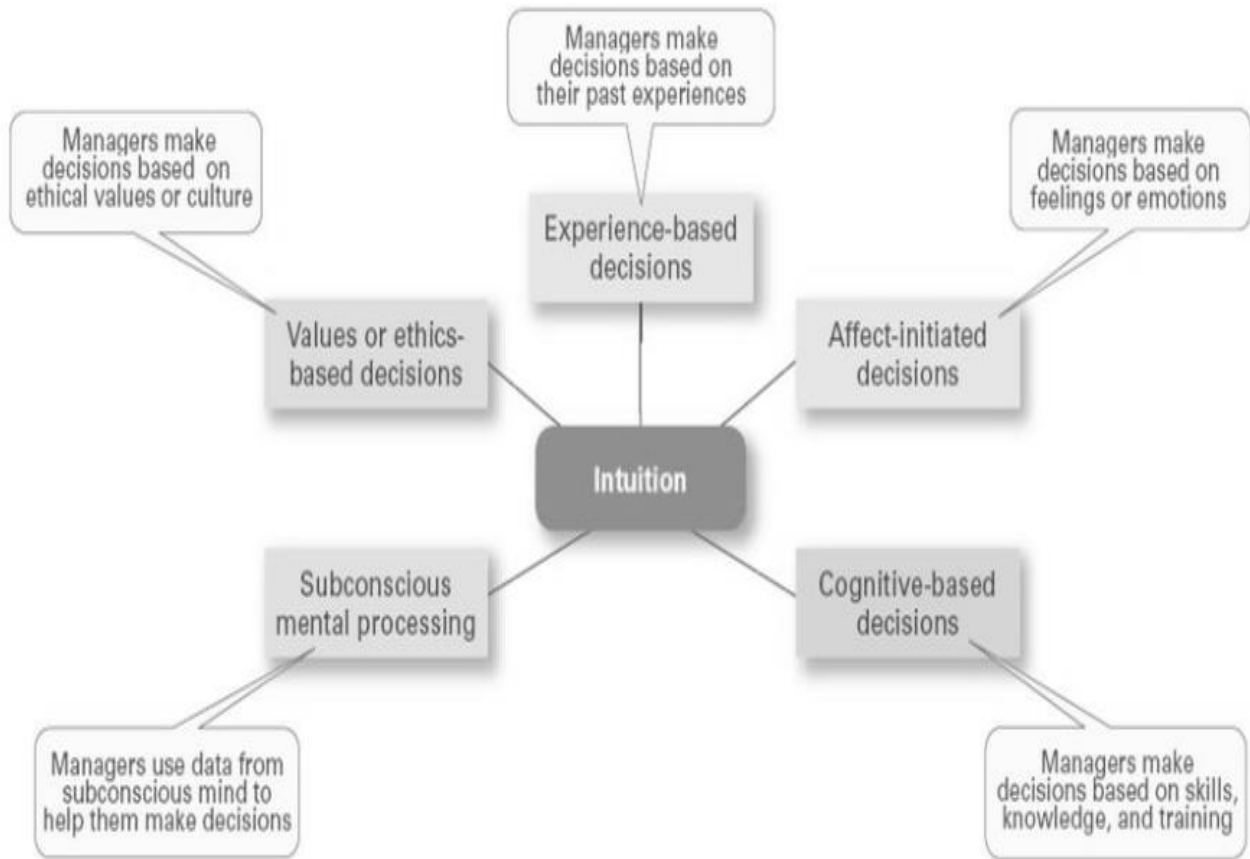
- the priority of the overall ultimate goal of the enterprise for the given period (all other goals and tasks, including specific and functional, are supportive);
- hierarchy (all elements of the system of development, acceptance and implementation of decisions are in the hierarchical relationship of subordination and responsibility);
- unity and connectivity (all elements of the system of management, development and implementation of solutions are in a single connection not only among themselves but also in relation to the external environment);
- functionality and development (joint consideration of the structure of management of the implementation of decisions and functions of structural units with their priority over the structure of the firm, taking into account its development);
- uncertainty and reliability (taking into account the decisions taken and uncertainties and randomness decisions; decisions taken should be ahead of nature, with respect to possible recessions and crises);
- predictability (the decisions taken should be of a predictable nature of possible consequences of the implementation of decisions of economic, social, environmental, etc.).

**Fig. 10.6 Basic principles for assessing effectiveness of decisions**

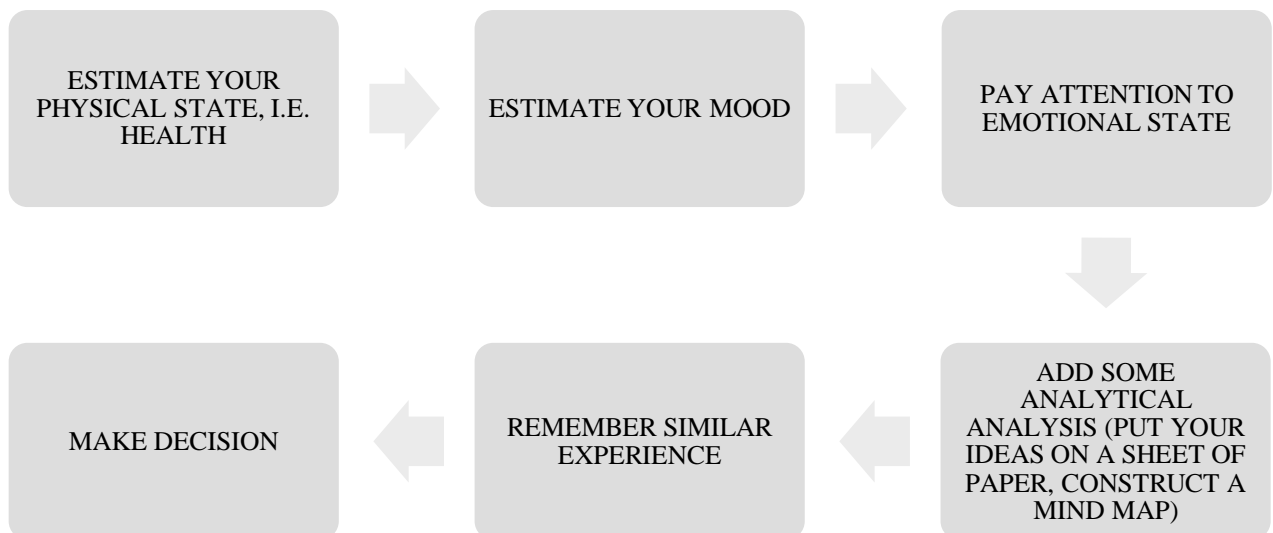
### **Basic criteria for making managerial decisions**

- 1) **Criteria for making decisions on the volume and structure of products**
- 2) **Criteria for making decisions "to buy or produce".**
- 3) **Special order decision**
- 4) **Decision to expand or reduce the segment**
- 5) **The decision "to sell or process further"**
- 6) **Solution for pricing**

**Fig. 10.7 Basic criteria for making managerial decisions**



**Fig. 10.8 Intuition in decision-making**



**Fig. 10.9 Decision-making based on intuition**

## **Practical Work 10. Decision-making in controlling**

### **Objectives:**

- to acquaint students with the classification of management decisions in responsibility centers;
- to master the technology of development and decision making;
- to find out the essence of classical, behavioral and irrational models of decision making;
- to identify the main stages of intuitive decision-making technology, its advantages and disadvantages;
- to find out the criteria by which the quality of information used in the decision-making process is assessed;
- to master the methods of evaluating business decisions.

### **Questions to discuss**

1. The nature of the decision-making process.
2. Stages of rational problem solving:
3. The main factors influencing the decision-making process.
4. Expert assessment of situations.

**FYI:** Management decision is a tool to influence the object of management and its individual subsystems, an important part of the formation and implementation of management relations in the organization; it is the basis for the implementation of each management function. The solution is to choose an alternative. They are accepted in compliance with the required sequence of stages. New or difficult situations require unprogrammed solutions. In this case, the manager chooses the decision-making procedure. They can be accepted based on intuition, judgment or a method of rational problem solving. A rational approach helps to increase the probability of making an effective decision in a new difficult situation. Stages of rational problem solving: diagnosis, definition of limitations and criteria for decision making, identification of alternatives, their evaluation, final choice. The process is not complete until the actual solution to the problem is proven through the feedback system.

**Decision making (in the narrow sense)** - choosing the best solution from the many alternatives. It should be borne in mind that alternatives do not arise by themselves, ie the decision-making process consists not only of choosing the best option, but also of finding alternatives, establishing evaluation criteria, choosing how to evaluate alternatives and so on.

**Decision-making (general definition)** is a process that begins with the statement of the problem situation and ends with the choice of decision, ie the choice of action aimed at eliminating the problem situation.

### **Practical Task:**

**Task 1:** How does controlling help in decision-making? Illustrate your answer with example of agrarian enterprise of your choice.

**Tip for you:** Controlling involves taking corrective actions whenever required. In an organization, first, the manager plans in advance, what is to be done, then through controlling, manager measures the progress and keeps checking that everything is in accordance with a plan or not and if there is any deviation, manager then takes preventive measures to correct that deviation.

In this way, manager facilitates decision-making.

E.g.: Suppose in XYZ Ltd., production is delayed due to lack of resources, then through the controlling function, the manager takes a decision to provide sources on time.

Provide such example and download it to Elearn.

**Task 2:** There are tasks in which there are situations where the manager may feel difficult because the decisions made in these situations in some cases do not correspond to the concepts of "justice" and "ethics" in the moral traditions of society, but will be perfectly acceptable in the field of entrepreneurial activity.

Make a decision on each situation and justify it.

1. You are the general manager of a large company for the production of world-famous cigarettes. The company has numerous factories around the world. It has achieved high sales. There is an opportunity to open another factory in one of the CIS

countries, and the decision depends on you - to sign a new contract or not. On the one hand, the construction of this factory will provide new workers with jobs in this region, thus solving the problem of unemployment relevant to this region; on the other hand, it will bring a lot of income to your company. However, in the production and sale of large batches of cigarettes, you have not yet been convinced that smoking causes cancer. You recently received a report on a study that found a direct link between smoking and cancer.

What will be your decision? Will you sign a new contract or not? Why?

2. You are a marketing manager at a home appliance company. With the help of expensive research, the company tried to improve one of the products, namely - a vacuum cleaner. The vacuum cleaner still does not ionize the air, although this is the result we tried to come up with as a result of research. Therefore, the new type of vacuum cleaner has not become an improved novelty today. You know that the appearance of the inscription "Advanced novelty" on the packaging and in advertising of the media will significantly increase sales of such goods.

What decision will you make? Will you make such an inscription or not? Why?

### **Control questions**

1. Who is responsible for the implementation of the controlling service at the company?

2. How is a specialist selected for the position of controller?

3. What are the requirements for the controller?

4. What are the main functions of controllers and their assistants?

5. What are the main duties of controllers and their assistants?

6. What works are typical for the preparatory stage of implementation of the controlling system?

7. What exactly is carried out at the stage of implementation of the controlling system?

8. How is the assessment of the consequences of activities carried out?

9. What actions (measures) are characteristics of the stage of improving the

controlling system?

10. How real is the method of organizing the implementation of the controlling service in relation to domestic enterprises and organizations?

## TESTS FOR SELF-CONTROL

The need to introduce controlling in enterprises can be explained by the following reason:

A) obtaining additional information from other departments for analysis and processing of received data

B) allocation of controlling in an independent, independent and neutral service in the management system

C) increasing the instability of the environment makes the subsidiary requirements for the management of enterprises

D) ability to quickly bring information to the attention of senior management of the enterprise

*Answer: c*

Choose an answer that lists all the principles that characterize the requirements for the formation of a control system of a particular organization

A) Principle of cost effectiveness, principle of complexity, principle of efficiency, principle of optimality

B) Principle of specialization, principle of complexity, principle of parallelism, principle of continuity

C) Principle of cost effectiveness, principle of parallelism, principle of continuity, principle of adaptability

D) Principle of efficiency, principle of optimality, principle of continuity, principle of parallelism

*Answer: a*

Creating a controlling service, one must take into account the following basic requirements

A) allocation of controlling in an independent, independent and neutral service in the management system

B) increasing the instability of the environment makes the subsidiary requirements for the management of enterprises

C) general cultural striving for the synthesis, integration of various spheres of knowledge and human activity

D) changes in the organizational structure

*Answer: a*

The most important element of the control system in the enterprise

A) Economic control

B) The system of information flows

C) Hierarchical control

D) Flexible controls

*Answer: b*

What is this stage of controlling at the enterprise - to develop only certain issues that fall within the competence of the controlling services

A) First stage

B) Second stage

C) Third Stage

D) Fourth Stage

*Answer: a*

The main task of the controlling service at the enterprise is

A) to provide general collection and analysis of information for quality management

B) to provide operative collection and analysis of information for the purpose of quality management

C) to control and do analysis of all information

*Answer: b*

It is a general introduction to the process of the enterprise

- A) Preparatory stage
- B) The stage of implementation of the controlling service
- C) The stage of automation

*Answer: a*

The physical movement of information from one employee of the enterprise to another or from one subdivision to another

- A) Information flow
- B) Information security
- C) Information storage
- D) Information technology

*Answer: a*

What principle is described by the sentence: “The most rational option for specific production conditions should be chosen

- A) Principle of scientific knowledge
- B) Principle of efficiency
- C) Principle of optimality
- D) Principle of multidimensionality

*Answer: c*

The basics of the organizational structure are plans of the enterprise, which are

- A) Inherently changing
- B) a. Never change
- C) Both answers are wrong

*Answer: a*

Kinds of activities implemented by different headquarters' subdivisions

- A) Vertical blocks

- B) Horizontal blocks
- C) Different levels of activities
- D) Spheres of activities

*Answer: b*

Detailization of subdivisions with the aim of

- A) Effectiveness of specialization
- B) Avoiding of overloading of management
- C) Both answers are correct

*Answer: c*

For making managerial decisions can be considered only data directly related to this decision

- A) The conditions in which the decision is made
- B) Target criteria
- C) A set of possible alternatives
- D) All variants

*Answer: d*

The basis for the study of information flows is the following sequence

- A) All variants
- B) Analysis of existing information flows at the enterprise in order to optimize the entire system of information flows
- C) Formation of information flows of operational control and their organic inclusion in the system of information flows of the enterprise
- D) Development of an integrated approach in the study of information flows in the preparation of a project for automation of accounting, control and analysis at the enterprise

*Answer: a*

The creation and operation of the system of accounting by responsibility centers assumes

- A) Definition of responsibility centers
- B) Budgeting for each responsibility center
- C) Regular reporting of performance results
- D) all answers are correct

*Answer: d*

Who manages economic activity and makes important decisions in a small business entity?

- A) Owner or general manager
- B) Materially responsible person
- C) Administrator
- D) Accountant

*Answer: a*

The center of responsibility is

- A) The head of the division with which information about costs in the enterprise is accumulated
- B) a set of functional actions, for the direction and effectiveness of which a certain person is responsible
- C) The organizational unit or area of operation where it is appropriate to accumulate information on asset acquisition costs
- D) Managers responsible for performance

*Answer: b*

An effective system of responsibility center accounting is based on such assumptions

- A) Managers are responsible only for those activities that are under their control
- B) Clear defining of the role of accounting is important for the employee

incentive system

- C) Managers try to achieve the goals set for them and their departments
- D) all answers are correct

*Answer: d*

It is not a benefit of decentralization

- A) Operational decision-making at the appropriate levels of management
- B) Top management's ability to focus on global strategic issues and solutions
- C) Complication of the coordination process
- D) Managers gain management experience

*Answer: c*

The main task of the accounting department of responsibility centers is

- A) Assistance in organizing self-monitoring
- B) Control
- C) reporting on plans and budgets to evaluate performance
- D) The correct answers are "a" and "c"

*Answer: d*

What would be an example of controlled logistics figures?

- A) Delivery time, fullness of the carrier
- B) Profitability, sales volume, parties
- C) Time of execution of processes, tasks
- D) Productivity

*Answer: a*

What responsibility centers are allocated according to the functional principle

- A) Serving
- B) Production
- C) Administration

D) all answers are correct

*Answer: d*

What requirements should be considered when choosing a method of creating responsibility centers:

A) There should be one responsible person with powers in each center

B) It is desirable to include only direct costs in the centers of expenditure, and the distribution of general economic costs should not be taken into account

C) Since the division of the enterprise into the centers of responsibility strongly influences the motivation of the heads of the relevant centers, social and psychological factors must be taken into account

D) all answers are correct

*Answer: d*

Indicators of internal efficiency of SMS

A) allow us to assess the system of management solutions as a management tool, system of activity of the personnel of management

B) reflect its impact on the organization of the achievement of the end result, the purpose of management and they are the priority

C) obtain numerical values of the performance indicators of the decisions taken or the functioning of the system of management solutions

D) reflect the effectiveness, quality and complexity of "living" labor

*Answer: a*

What is not included in BCG matrix

A) Cats

B) Rats

C) Cows

D) Dogs

*Answer: b*

Who is not the subject of economic analysis

- A) creditors
- B) business partners
- C) tax authorities

*Answer: c*

Analytical function

- A) provides the analysis of the decision-making system in order to improve it
- B) involves providing managers of all levels with information that is necessary for the current planning, control and adoption of the necessary operational management decisions
- C) provides the formation of information, which is a tool of internal communication between management levels and different structural units of the same level
- D) includes operational control, evaluation of the performance of internal units and the enterprise as a whole

*Answer: a*

Forecasting function

- A) involves perspective planning and coordination of enterprise development in the future, based on the analysis and evaluation of actual performance
- B) provides the analysis of the decision-making system in order to improve it
- C) provides the formation of information, which is a tool of internal communication between management levels and different structural units of the same level
- D) involves providing managers of all levels with information that is necessary for the current planning, control and adoption of the necessary operational management decisions

*Answer: a*

The result, which evaluates the work of the system of management solutions (SMS), is quantitatively difficult to obtain, because it does not produce products and services. Consequently, it is necessary to evaluate this result by using the relative efficiency of the sms according to the following indicator

- A) ·all above
- B) labor costs of decision-makers and management personnel for the development, adoption and implementation of decisions
- C) time cost for the cycle of management decision implementation
- D) the ratio of decision-makers and staff included in the management apparatus

*Answer: a*

Methods of comparative valuation are based

- A) on expert methods
- B) on obtaining numerical values of the performance indicators of the decisions taken or the functioning of the SMS
- C) regarding the assessment of decision-making efficiency
- D) on expanding or upgrading production, building new businesses, and developing new markets

*Answer: a*

Indicators of the external effectiveness of SMS

- A) allow us to assess SMS as a management tool, system of activity of the personnel of management
- B) reflect its impact on the organization of the achievement of the end result, the purpose of management and they are the priority
- C) obtain numerical values of the performance indicators of the decisions taken or the functioning of the system of management solutions
- D) reflect the effectiveness, quality and complexity of "living" labor

*Answer: b*

The control function

A) includes operational control, evaluation of the performance of internal units and the enterprise as a whole

B) provides the formation of information, which is a tool of internal communication between management levels and different structural units of the same level

C) involves providing managers of all levels with information that is necessary for the current planning, control and adoption of the necessary operational management decisions

D) involves perspective planning and coordination of enterprise development in the future, based on the analysis and evaluation of actual performance

*Answer: a*

The communication function

A) provides the formation of information, which is a tool of internal communication between management levels and different structural units of the same level

B) involves providing managers of all levels with information that is necessary for the current planning, control and adoption of the necessary operational management decisions

C) includes operational control, evaluation of the performance of internal units and the enterprise as a whole

D) involves perspective planning and coordination of enterprise development in the future, based on the analysis and evaluation of actual performance

*Answer: a*

Methods of estimation on the basis of calculations

A) are used to obtain numerical values of the performance indicators of the decisions taken or the functioning of the SMS

- B) on expert methods
- C) regarding the assessment of decision-making efficiency
- D) are used to expand or upgrading production, building new businesses, and developing new markets

*Answer: a*

The information function

A) involves providing managers of all levels with information that is necessary for the current planning, control and adoption of the necessary operational management decisions

B) provides the formation of information, which is a tool of internal communication between management levels and different structural units of the same level

C) includes operational control, evaluation of the performance of internal units and the enterprise as a whole

D) involves perspective planning and coordination of enterprise development in the future, based on the analysis and evaluation of actual performance

*Answer: a*

Analysis is:

A) decomposition of the whole into parts

B) the movement of thought from the general to the individual

C) modeling of objects and phenomena

D) combining elements at the highest level

*Answer: a*

Strategy is a set of interconnected and mutually caused elements, united by a single global goal –

A) creation and maintenance of a high level of competitive advantages of the enterprise

- B) reaching out to more community members
- C) strengthening customer service
- D) providing opportunities for teams to improve their leadership skills

*Answer: a*

What is not included in the methods of strategic diagnostics of financial and economic condition of enterprises

- A) Benchmarking
- B) Method of diagram Gant
- C) Analysis of competition according to M. Porter
- D) Method of constructind the BCG matrix

*Answer: b*

After analyzing the field of forces, an enterprise can choose one of the best strategies

- A) cost reduction, differentiation or focusing
- B) differentiation or focusing
- C) cost reduction, differentiation or focusing and increasing of sales
- D) improving of service

*Answer: a*

Assessment of the organizations environment instability have... Grades

- A) 5
- B) 10
- C) 3
- D) 12

*Answer: a*

Types of benchmarking

- A) Internal / Functional

B) internal benchmarking, functional benchmarking, benchmarking that is focused on the analysis of competitors

C) Functional and External

D) No one

*Answer: b*

A complex of organizational- economic, consulting services aimed at overcoming the crisis or pre-crisis state of the enterprise through its reorganization, adjustment of the strategic, investment innovation and personnel policy.

A) Analysis of information flows

B) Economic expediency

C) Reengineering of business processes

D) Analytical methods of evaluation

*Answer: c*

Investments

A) The process of turnover of funds from the moment they are invested in any type of activity to the receipt of income from its implementation

B) all types of property, material and intellectual property invested in objects of entrepreneurship and other activities, resulting in the creation of profit or achieved a certain social effect

C) Free money supply intended for investment in any high-risk project

*Answer: b*

Which shows at what point the net present value of the investment will be equal to zero?

A) payback of investments

B) profitability of investments

C) discounted payback

D) annuity

*Answer: c*

Which of the following are NOT the features of the project

- A) clearly limited amount of material, human and financial resources
- B) strictly set start and end dates
- C) planning is the first stage
- D) final result of the project must have a predefined quality

*Answer: c*

The process of optimizing the use of financial, material and human resources to achieve project goals

- A) project controlling
- B) project planning
- C) project management

*Answer: c*

What determines the effectiveness of innovation and production processes that are constantly carried out at each enterprise?

- A) the level of its commercial activity
- B) level of its profit
- C) qualification of workers
- D) number of workers

*Answer: a*

Signs of projects

- A) projects have a limited duration in time, projects are unique
- B) projects are carried out only in cash
- C) project does not imply the need for interrelated actions projects are carried out only in cash, the project does not imply the need for interrelated action

*Answer: a*

Investments solve the following tasks

- A) expansion of own business activity at the expense of accumulation of financial and material resources
- B) acquisition of new enterprises
- C) all above

*Answer: c*

A plan or program of measures related to the implementation of capital investments in order to profit

- A) innocence project
- B) innovative project
- C) money projects
- D) investment project

*Answer: d*

Controlling can be defined as

- A) a system of checking how successfully the company is moving towards its goal
- B) a system of checking how successfully the company is getting profits
- C) accounting department
- D) there is no correct answer

*Answer: a*

A complete concept of controlling, the core of which is

- A) planning and control
- B) only planning
- C) only control
- D) there is no right answer

*Answer: a*

Budget for commercial expenses is

A) a forecast of the profit and loss account, which accumulates information from all other budgets and allows you to analyze what income the company received in the reporting period and which received losses

B) the final stage in the planning of business activities of an enterprise or organization

C) a widespread form of state planning for macroeconomic development in the world

D) the budget that includes losses associated with sales of products and marketing activities: market research, sales promotion measures, advertising, contracting with consumers, transport services, packing costs, insurance, warehousing and storage of goods, etc

*Answer: d*

Total production budget is

A) a plan document that reflects the overhead costs associated with the production of products or services during the budget period

B) is a plan document, which provides a calculation of the cost of production, which is expected to be made in the budget period

C) is a plan document, which shows the labor costs necessary for the production of goods or services during the budget period

D) is the starting point for budgeting: in the final case, the costs depend on the volume of output, and the volume of output is set on the real sales volume

*Answer: a*

Investment plan is

A) a pro forma of financial statements, which contains information about future state in the end of the forecast period, is expected as a result of planned operations

B) a planning document that reflects future payments and cash inflows over a

certain period

C) a document that reflects future investment costs of the company, carried out not in the form of operating costs, but in the form of one-time capital investment

D) a set of budgets that reflects the planned cash flows and the financial position of the enterprise

*Answer: c*

The budget is comprised of three types of activities

A) financial, optimal and basic

B) basic, investment and financial

C) basic, investment and optimal

D) optimal, basic and functional

*Answer: b*

Budgeting is carried out in two main directions

A) functional budgets and standards (norms)

B) implementation budget and production budget

C) financial budget and operational budget

D) budget of capital investments and budget of money volume

*Answer: a*

Indicative planning

A) is a widespread form of state planning for macroeconomic development in the world

B) is a decision-making process that is mandatory for planning objects

C) covers a period of up to 1 year, including semi-annual, quarterly, monthly, weekly, ten-day, and day-time planning

D) should provide a general strategy for future development, the main objectives of the enterprise for the future, as well as a formalized strategy taking into account the external environment and internal features of the enterprise

*Answer: d*

Directive planning

A) is a widespread form of state planning for macroeconomic development in the world

B) is a decision-making process that is mandatory for planning objects

C) covers a period of up to 1 year, including semi-annual, quarterly, monthly, weekly, ten-day, and day-time planning

D) should provide a general strategy for future development, the main objectives of the enterprise for the future, as well as a formalized strategy taking into account the external environment and internal features of the enterprise

*Answer: b*

Planning allows

A) to ensure the efficient use of resources, that is, to maximize the net profitability of net assets

B) to determine the place and time of manufacture and sale of finished goods

C) to identify the target segment of potential consumers of manufactured products

D) all the answers are correct

*Answer: d*

Mandatory stages of budgeting are

A) Development of special primary forms for collecting information and bringing them to those responsible for filling them out by employees or structural subdivisions

B) Balancing plans by optimally combining existing alternatives

C) Execution of the budget with the monitoring of the accuracy of its compilation and execution

D) Budgetary control: the definition of deviations of the actual indicators of

planned plans and the analysis of the causes of deviations

*Answer: c*

Choose an answer that lists all the principles that characterize the requirements for the formation of a control system of a particular organization

A) Principle of cost effectiveness, principle of complexity, principle of efficiency, principle of optimality

B) Principle of specialization, principle of complexity, principle of parallelism, principle of continuity

C) Principle of cost effectiveness, principle of parallelism, principle of continuity, principle of adaptability

D) Principle of efficiency, principle of optimality, principle of continuity, principle of parallelism

*Answer: a*

What principle is described by the sentence: “The most rational option for specific production conditions should be chosen.”

A) Principle of scientific knowledge

B) Principle of efficiency

C) Principle of optimality

D) Principle of multidimensionality

*Answer: c*

What principle is described by the sentence: “Decisions on the analysis and improvement of the control system which prevent or eliminate deviations in its functioning must be timely restricted.”

A) Principle of scientific knowledge

B) Principle of efficiency

C) Principle of optimality

D) Principle of multidimensionality

*Answer: b*

The basics of the organizational structure are plans of the enterprise, which are

- A) Inherently changing
- B) Never change
- C) Both answers are wrong

*Answer: a*

Kinds of activities implemented by different headquarters subdivisions

- A) Vertical blocks
- B) Horizontal blocks
- C) Different levels of activities
- D) Spheres of activities

*Answer: b*

Detailization of subdivisions is provided with the aim of

- A) Effectiveness
- B) Avoiding of overloading of management
- C) Both answers are correct

*Answer: c*

For making managerial decisions can be considered only data directly related to this decision

- A) The conditions in which the decision is made
- B) Target criteria
- C) A set of possible alternatives
- D) All variants

*Answer: d*

The physical movement of information from one employee of the enterprise to

another or from one subdivision to another

- A) Information flow
- B) Information security
- C) Information storage
- D) Information technology

*Answer: a*

The basis for the study of information flows is the following sequence

A) Analysis of existing information flows at the enterprise in order to optimize the entire system of information flows

B) Formation of information flows of operational control and their organic inclusion in the system of information flows of the enterprise

C) Development of an integrated approach in the study of information flows in the preparation of a project for automation of accounting, control and analysis at the enterprise

D) All the issues are correct

*Answer: d*

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