

Work programme of the discipline:

Course title	BUDGETING AND FINANCIAL PLANNING
Level of higher education (degree)	FIRST (BACHELOR)
Field of study	07 MANAGEMENT AND ADMINISTRATION
Major	073 MANAGEMENT
Program subject area	MANAGEMENT (ENGLISH)
Status of the discipline	Elective
Mode of studies	FULL-TIME, PART-TIME, E-LEARNING
Total number of hours/ ECTS credits	150 HOURS /5 ECTS CREDITS
Language of instruction	ENGLISH
Lecturer	TOKAR VOLODYMYR VOLODYMYROVYCH PROFESSOR, DR.SC. (ECON.), PH.D.
Lecturer's profile	https://www.krok.edu.ua/ua/pro-krok/spivrobotniki/tokar-volodimir-volodimirovich
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1. Brief summary of the course

This course explores the foundational principles and advanced practices of budgeting and financial planning, emphasizing their critical role in achieving organizational goals and financial sustainability. Students will examine key topics such as the components and processes of budgeting, forecasting techniques, financial modeling, and the innovative application of zero-based budgeting (ZBB). The curriculum highlights the importance of aligning financial plans with strategic objectives while addressing the ethical challenges and human behavior dynamics involved in budgeting.

Through practical tools and real-world case studies, students will develop essential competencies in creating and managing budgets, conducting performance evaluations, and adapting financial strategies to changing conditions. Special focus is given to dynamic approaches such as flexible budgets and forecasting methodologies that reduce uncertainty and enhance decision-making.

2. Learning outcomes

Not available

3. Course scope

Type of class	Total number of hours/ ECTS credits -150 HOURS /5 ECTS CREDITS		
	full-time	part-time	e-learning
lectures	28	14	14
seminars / practical / laboratory classes	22	7	7
Individual work	100	129	129

4. Prerequisites

Introduction to Management, Enterprise Economics and Finance, Organization Theory and Organization Development, Financial Management.

5. Hardware and software

PC / laptop, Internet access, camera, microphone

6. Course policies – students must adhere to a code of academic integrity:

<https://int.krok.edu.ua/images/download/code-of-academic-integrity-2025.pdf>

Academic integrity is the presentation of one's own work and the proper recognition of the contribution of others.

Any violation of this principle constitutes academic dishonesty and may result in poor evaluation and disciplinary action.

Forms of academic dishonesty include:

- Plagiarism - presenting all or part of someone else's work as one's own in an academic exercise, such as an exam, a computer program, or a written assignment.
- Fraud - Using or attempting to use unauthorized materials during an exam or assignment, such as using unauthorized texts or notes or improperly obtaining (or attempting to obtain) a copy of an examination or exam answers.
- Promoting academic dishonesty - helping others commit an act of dishonesty, such as replacing an exam or completing a task for someone else.
- Fabrication - modification or transfer, without permission, academic information, or records.

7. Programme of the course

Module #1

Topic 1. Budgeting: Planning for Success

Definition of budgeting and its importance in organizational success. Functions of budgets as financial plans for resource allocation, goal-setting, and performance benchmarks. Components of a master budget, including sales targets, production plans, and financing actions. Budget periods and the importance of adjustments. Differences between small-scale mental budgeting and formal budgeting in larger organizations. Case study on budgeting in a power plant to illustrate the significance of planning. Recap of budgeting benefits: improved coordination, resource allocation, and performance measurement. Introduction to responsibility accounting to enhance accountability within organizational units.

Topic 2. Budget Processes and Human Behavior

Role of budget committees in planning and monitoring financial processes. Methods of budget construction, including top-down (mandated) and bottom-up (participative) approaches, and their implications for employee morale and organizational efficiency. Challenges like budget slack, padding, and unattainable standards. Introduction to zero-based budgeting as an alternative to incremental budgeting. Ethical challenges in budgeting, highlighting the risks of overly optimistic targets leading to financial reporting fraud. Importance of aligning budget processes with realistic organizational goals and ethical practices.

Topic 3. Components of the Budget

Definition and significance of the master budget as a comprehensive financial plan. The sales budget as the foundation for planning production, materials, labor, and administrative costs. Interdependence of budget components, including production, direct materials, direct labor, factory overhead, and selling and administrative expenses. Importance of the cash budget in anticipating cash flows and planning for deficits or surpluses. Role of budgeted financial statements in assessing organizational outcomes and supporting decision-making. Caution regarding the use of projected financial statements for external purposes. Performance appraisal as a key application of budgeting to evaluate strengths, weaknesses, and operational improvements.

Topic 4. Budget Periods and Adjustments

Time frames of budgets, such as annual, monthly, and multi-year plans, tailored to organizational needs. Continuous budgets that adapt dynamically to changing conditions, providing ongoing monitoring and planning. Flexible budgets that adjust costs in response to variations in business volume, enhancing relevance for performance evaluation. Introduction of encumbrances in budgetary processes, especially for governmental units, to earmark funds for designated purposes. Integration of static and flexible budgeting approaches for accurate cost management and performance assessment. Applications of budget adjustments to respond to economic and operational changes effectively.

Topic 5. Responsibility Accounting and Management by Exception

Definition of responsibility accounting as a system for evaluating organizational performance by assigning accountability to specific units or managers. Distinction between centralized and decentralized decision-making processes and their effects on responsibility accounting. Introduction to responsibility centers: cost centers, profit centers, and investment centers, each with unique performance measurement criteria. Importance of affixing responsibility to ensure accountability and traceability within an organization. Overview of responsibility center reports and their role in performance evaluation. The power of database systems in tracking financial and operational metrics for informed decision-making. Discussion on traceable versus common fixed costs and their implications for performance assessment. Explanation of management by exception as a strategy to focus attention on significant deviations from expected performance, improving efficiency and decision-making.

Topic 6. Flexible Budgets

Definition and purpose of flexible budgets in adapting to changes in business conditions. Key differences between static and flexible budgets, emphasizing their relevance for performance evaluation and planning. Flexible budgets as tools for assessing the efficiency of operations by isolating variable and fixed costs. Steps in constructing a flexible budget and aligning it with organizational goals. Use of flexible budgets in identifying cost behaviors and their impact on financial planning. Integration of flexible budgets in dynamic performance evaluations to highlight deviations caused by volume changes. Examples of applying flexible budgeting in various organizational settings to enhance operational and financial decision-making.

Topic 7. Variance Analysis

Definition of variance analysis as a tool for evaluating the differences between planned and actual performance. Focus on direct material variances, including price and quantity variances, with examples of calculations and journal entries. Discussion on direct labor variances, covering rate and efficiency variances, illustrated through practical examples. Introduction to factory overhead variances, including variable and fixed overhead, and their significance in operational management. Explanation of variable versus fixed overhead variances and their respective components. Examples of variable overhead variances and journal entries to account for deviations. Analysis of fixed overhead variances, highlighting spending and volume variances, with illustrations of calculations. Recap of standards and variances, emphasizing the importance of interpreting deviations carefully to improve budgeting and operational efficiency.

Module #2

Topic 8. Strategic Planning and Budgeting

Definition of strategic planning and its role in aligning short-term and long-term goals within organizations. Key elements of strategic planning include defining objectives, evaluating internal and external factors, and formulating strategies. Differences between strategic, tactical, and operational plans. Steps in the strategic planning process, such as mission identification, resource allocation, and risk assessment. Integration of strategic planning with budgeting for enhanced organizational coherence. Common challenges, including resistance to change and resource constraints. Practical applications in aligning departmental and corporate goals.

Topic 9. Break-Even and Contribution Margin Analysis

Definition of break-even analysis and its importance in decision-making for profitability and cost control. The relationship between fixed costs, variable costs, and sales revenue in determining the break-even point. Role of contribution margin in profit planning and decision-making. Practical applications, such as pricing strategies and sales forecasting. Use of graphical and algebraic methods to illustrate the break-even point. Limitations of break-even analysis, including assumptions of linearity and constant sales mix. Importance of sensitivity analysis in addressing uncertainties.

Topic 10. Profit Planning: Targeting and Reaching Achievable Goals

Definition and significance of profit planning as a roadmap to achieving financial goals. Steps in the profit planning process, including target setting, revenue forecasting, and expense management. Role of cost behavior analysis in profit planning. Integration of sales and operational budgets for cohesive planning. Importance of monitoring and revising plans in response to internal and external changes. Challenges in profit planning, such as market unpredictability and resource constraints. Practical case studies demonstrating successful profit planning strategies.

Topic 11. Capital Budgeting: Evaluation and Decision-Making

Definition of capital budgeting as a framework for evaluating long-term investments. Key methods, including Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period. Steps in the capital budgeting process: identifying opportunities, analyzing costs and benefits, selecting projects, and post-implementation evaluation. Comparison of various techniques, highlighting the advantages of discounted cash flow methods. Integration of risk analysis through scenario and sensitivity testing. Practical applications in manufacturing,

infrastructure, and service sectors to optimize investment strategies. Challenges include estimating future cash flows and managing uncertainty effectively.

Topic 12. Forecasting and Planning

Definition of forecasting and its importance in reducing risk in decision-making. Applications of forecasting in business processes, including sales, production, inventory, and financial planning. Distinction between qualitative and quantitative forecasting methods, such as Delphi method, moving averages, and regression analysis. Factors influencing the choice of forecasting techniques, including cost, complexity, time horizon, and data availability. Steps in the forecasting process: defining objectives, selecting techniques, gathering data, and monitoring performance. Common challenges and assumptions in forecasting, such as uncertainty and the reliance on historical data. Practical applications in budgeting, capacity planning, and strategic decision-making.

Topic 13. Financial Modeling

Definition of financial modeling as a tool for simulating relationships among financial and operational variables. Key types of models: simulation models for “what-if” scenarios and optimization models for maximizing or minimizing objectives. Applications in budgeting, financial forecasting, risk analysis, capital planning, and mergers and acquisitions. Structure of financial models, including variables, input parameters, and definitional equations. Integration of decision rules for sensitivity analysis and strategic decision-making. Role of technology, such as spreadsheets and financial modeling software, in enhancing model accuracy and usability. Use of deterministic and probabilistic models for risk management and long-term strategy development.

Topic 14. Zero-Base Budgeting (ZBB)

Definition of Zero-Base Budgeting as a priority budgeting method focused on justifying resource allocation from a zero balance. Steps in the ZBB process, including developing assumptions, ranking proposals, and preparing budgets. Role of decision packages in analyzing activities and determining cost-effective methods. Importance of activity units in detailing workflows and measuring performance. Methods for ranking decision packages, such as single standard, voting, and major category approaches. Application of program budgets for specific projects and functions. Use of cost/benefit analysis to evaluate programs and prioritize activities. Integration of ZBB with long-term planning and adjustments for unforeseen changes.

8. Course scheme

Topic	Number of hours									Control form
	Full-time			Part-time			E -learning			
	Lectures	Seminars /practical	Individual work	Lectures	Seminars /practical	Individual work	Lectures	Seminars /practical	Individual work	
Module # 1										
Topic 1. Budgeting: Planning for Success	2	2	7	2	1	9	2	1	9	IA, S, T, CS, P
Topic 2. Budget Processes and Human Behavior	2	2	7	2	1	9	2	1	9	IA, S, T, CS, P
Topic 3. Components of the Budget	2	2	7	2	1	9	2	1	9	IA, S, T, CS, P
Topic 4. Budget Periods and Adjustments	2	2	7	2	1	9	2	1	9	IA, S, T, CS, P
Topic 5. Responsibility Accounting and Management by Exception	2		7			10			10	IA, S, T, CS, P

Topic 6. Flexible Budgets	2		7			10			10	IA, S, T, CS, P
Topic 7. Variance Analysis	2		7			10			10	IA, S, T, CS, P
Module #2										
Topic 8. Strategic Planning and Budgeting	2	2	7			9			9	IA, S, T, CS, P
Topic 9. Break-Even and Contribution Margin Analysis	2	2	7			9			9	IA, S, T, CS, P
Topic 10. Profit Planning: Targeting and Reaching Achievable Goals	2	2	7			9			9	IA, S, T, CS, P
Topic 11. Capital Budgeting: Evaluation and Decision-Making	2	2	7			9			9	IA, S, T, CS, P
Topic 12. Forecasting and Planning	2	2	8	2	1	9	2	1	9	IA, S, T, CA, CS, P
Topic 13. Financial Modeling	2	2	7	2	1	9	2	1	9	IA, S, T, CA, CS, P
Topic 14. Zero-Base Budgeting (ZBB)	2	2	8	2	1	9	2	1	9	IA, S, T, CA, CS, P
Total hours	28	22	100	14	7	129	14	7	129	-
FINAL CONTROL/ Credit	Credit									-
TOTAL	150		150			150			-	

Control form

- IA – individual assignments
- S – survey
- T – test, mid-term tests
- CA – calculation assignments
- CS – solving case-studies
- P – oral presentation
- E - exam

9. Individual tasks

Individual tasks are an integral part of the educational process, as they contribute to the development of analytical skills, creative thinking and independence of students.

Content of an individual educational and research task (educational project)
<p>The individual task consists of three types of questions. Task options are posted on the Moodle platform:</p> <ol style="list-style-type: none"> 1. Open Question <ul style="list-style-type: none"> • Requires a comprehensive, well-detailed answer based on theoretical knowledge and analysis of additional information. • Assesses your understanding of the topic, your ability to express your own opinions, and your skill in arguing and supporting your position. 2. Calculation Task <ul style="list-style-type: none"> • Involves performing specific calculations using formulas or economic models. • Evaluates your knowledge of economic methods and your ability to apply them in practice. 3. Situational Task <ul style="list-style-type: none"> • Presents a real-life economic problem or case study that must be analyzed with a proposed solution. • Tests your capacity to apply theoretical knowledge to practical problems and make informed decisions. <p>Requirements for completing the task</p> <ul style="list-style-type: none"> • Logical Structure: Answers should be clearly organized and include an introduction, main body, and conclusion. • Strong Argumentation: Every statement should be well-supported with logical arguments and references

to credible sources.

- Accuracy: Ensure calculations are precise and presented with appropriate units of measurement.
- Originality: All responses must be your own work and free of plagiarism.
- Formatting: The task must adhere to the formatting guidelines specified on the Moodle platform.

10. Teaching methods

In the process of studying the discipline “Introduction to Management” various types of educational activities, teaching methods, and technologies are utilized to enhance student learning and engagement.

Types of educational activities:

1. Lectures. Sessions where the lecturer provides theoretical and practical material, introducing fundamental management concepts, principles, and tools.
2. Seminars. Interactive classes where students engage in discussions, analyze case studies, and participate in group activities to deepen their understanding of management topics.
3. Practical classes. Sessions that focus on applying management techniques and tools to solve real-world problems.

Teaching methods and technologies:

1. Presentations and multimedia materials. Incorporating slides, videos, and visual aids to improve comprehension and make the learning process more engaging.
2. Active learning methods. Encouraging student participation through group projects, discussions, role-playing exercises, and brainstorming sessions that foster active involvement and collaboration.
3. Case method. Using real-world management scenarios for analysis, enabling students to apply theoretical knowledge, develop critical thinking, and enhance decision-making skills.

Use of information technologies. Leveraging interactive learning platforms and digital tools to provide an enriched and modern educational experience.

11. Control methods

Control measures are used to determine the success of training. Control measures include mid-term tests (3) and final control.

Mid-term tests are carried out during practical (seminar) classes and is aimed at checking the level of preparedness of the student to perform a specific task.

The final control is carried out to evaluate the learning results after the end of the study of the discipline (semester control) or modules separated according to the working curriculum.

During the study of this course, the following forms of current control are used: mid-term tests.

When studying this course, the following form of semester control is used: credit.

12. Distribution of points received by students

Evaluation of student learning results is carried out according to the University scale (0-100 points) and the national scale.

General course evaluation system: Participation in the work during the semester / final test – 60%/40%

All tasks must be written independently, plagiarism is prohibited, no references or citations are required. The quality and originality of your arguments are evaluated. The assignments should be presented in Moodle.

13.1. Scoring scheme for the course

Type of educational activity	Max score	Max total score
Modules #1 & #2		
Solving case-studies (1 x 5 points)	5	
Calculation assignments (2 x 2,5 points)	5	
Surveys / Test (1 x 5 points)	5	
Oral presentation (1 x 5 points)	5	
Individual work (1 x 10 points)	10	
Mid-term test (3 x 10 points)	30	
Total for modules #1 & #2	60	
Final test		40
Total for the course		100

13.2. Conditions for awarding points

1. Solving case-studies (Maximum Score – 5 Points)

- Completeness of the Solution (2 Points): All stages of the problem-solving process are correctly presented, and all formulas and methods are justified.
- Accuracy of Answers (2 Points): All numerical data and calculation results must be accurate.
- Clarity of Presentation (1 Point): Logical structure of the work, clear presentation of solutions, and correct terminology.

2. Calculation assignments (Maximum Score – 2,5 Points)

- Completeness of the Solution (1 Point): All stages of the problem-solving process are correctly presented, and all formulas and methods are justified.
- Accuracy of Answers (1 Point): All numerical data and calculation results must be accurate.
- Clarity of Presentation (0,5 Point): Logical structure of the work, clear presentation of solutions, and correct terminology.

3. Tests (Maximum Score – 5 Points)

- Number of Correct Answers (5 Points): Students receive 0,25 points for each correct answer (total number of tests per session is 20).

4. Survey (Maximum Score – 5 Points)

- Correctness of Answers (3 Points): Answers to questions must be accurate and correct.
- Coverage of the Topic (2 Points): Answers should demonstrate knowledge of all key aspects of the topic.

5. Oral presentation (Maximum Score – 5 Points)

- Substance (2 Points): Completeness and depth of topic coverage, inclusion of relevant data and examples.
- Visual Presentation (2 Points): Quality of slides, use of graphics, clarity, and aesthetics.
- Communication Skills (1 Point): Ability to convey information to the audience, respond to questions, and engage listeners.

6. Individual Work (Maximum Score – 10 Points)

- Depth of Research (3 Points): Quality of topic analysis, use of various sources of information and literature.
- Structure and Formatting (2 Points): Adherence to formatting requirements, logical structure of the work, correctness of citations.
- Originality and Creativity (2 Points): Presence of personal conclusions, recommendations, and interesting ideas.
- Responses to Questions (3 Points): Engagement in presenting work results, participation in discussions, and feedback.

7. Mid-term tests (Maximum Score – 10 Points)

- Number of Correct Answers (10 Points): Students receive 0,5 points for each correct answer (total number of tests per session is 20).

13.3. Final assessment criteria

University scale	Ukrainian Grade
90 and higher	excellent
70–89	good
50–69	satisfactory
1–49	unsatisfactory

14. Methodological provision

Attention Students:

All educational and methodological materials, including lecture plans, video recordings, presentations, seminar assignments, case studies, and more, are available in the Moodle course “Budgeting and Financial Planning” (Volodymyr Volodymyrovych Tokar) at the following link: <https://dist.krok.edu.ua/course/view.php?id=2119>

15. Recommended literature

Basic

1. Walther, L. M., & Skousen, C. J. (2009). *Budgeting and decision making*. Ventus Publishing Aps.
2. Shim, J. K., & Siegel, J. G. (2005). *Budgeting basics and beyond* (2nd ed.). John Wiley & Sons, Inc.

Additional

1. Fabozzi, F. J., & Drake, P. P. (2010). *The basics of finance: An introduction to financial markets, business finance, and portfolio management*. John Wiley & Sons, Inc.
2. Bodie, Z., Kane, A., & Marcus, A. J. (2014). *Investments* (10th ed.). The McGraw-Hill/Irwin.
3. Barton, D., & Court, D. (2012). Making advanced analytics work for you. *Harvard Business Review*, 90(10), 78–83.
4. Davenport, T. H., Harris, J. G., De Long, D. W., & Jacobson, A. L. (2001). Data to knowledge to results: Building an analytic capability. *California Management Review*, 43(2), 117–138.
5. Davenport, T. H., & Patil, D. J. (2012). Data scientist: The sexiest job of the 21st century. *Harvard Business Review*, 90(10), 70–76.
6. Watson, H. J., Wixom, B. H., Hoffer, J. A., Anderson-Lehman, R., & Reynolds, A. M. (2006). Real-time business intelligence: Best practices at Continental Airlines. *Information Systems Management*, 23(1), 7–18.

16. Additional information on the discipline (educational component)

Certificates of completion for distance or online courses on the relevant topics may be credited provided that the requirements outlined in the corresponding regulation are met.

Work programme of the discipline:

Compiled by: Professor of the Department of International Business, Doctor of Economic Sciences, PhD in Economics, Professor Volodymyr Tokar.

Approved: at the meeting of the Department of International Business (Protocol No. 2 dated September 17, 2024).