# HR Budgeting and Financial Skills: One-Week Course

26 – 30 July 2027
Cape Town (South Africa)



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# HR Budgeting and Financial Skills: One-Week Course

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HR Budgeting and Financial Skills: One-Week Course is a one-week course for HR managers and supervisors who must read company accounts, cost HR activities and prepare and control their department's spending plan. It covers the essentials in one week rather than two. You leave with an HR Department Budget Pack built on your own cost lines. Mercury Training Center runs this one-week course for HR teams.

## About This Course

HR teams are asked to defend headcount, training and benefit costs in the language of finance, yet many have never built a cost plan or explained a variance. To follow the course you should already handle HR costs, payroll inputs or staffing requests. You practice on company accounts and HR cost data, line by line.

## Who It Is For

- People who prepare or defend the HR department's annual spending plan
- People who run payroll, benefits or employee records and track their cost
- People who plan headcount and organization charts with line managers
- People who approve training, hiring or outsourcing requests
- People who report HR spending to finance and senior management

This course is not for finance staff who already prepare company accounts, who are better served by an advanced corporate finance course, or for HR leaders who need two full weeks on HR metrics and capital decisions, who are better served by a longer HR finance course.

## Competencies You Will Build

- Accounts reading: reads an income statement, balance sheet and statement of cash flows and explains them to colleagues.
- HR cost analysis: separates fixed, variable and overhead costs in HR activities.
- Cost-based choices: uses relevant costs and break-even to compare HR options.
- Spending plan preparation: builds the HR department plan from manpower and activity data.
- Variance control: explains gaps between plan and actual and agrees actions.
- Investment appraisal: tests an HR system or project with payback and discounted cash methods.

## What You Will Be Able to Do

By the end of the course you will be able to:

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- From a set of company accounts, calculate key ratios and say what they show about results and risk.
- Given HR activity data, allocate overheads with activity-based costing.
- Using relevant costs, compare keeping an HR service in-house with outsourcing it.
- From an organization chart and manpower plan, prepare the direct and indirect labor lines of the plan.
- Given monthly actuals, run a variance analysis and decide which gaps need action.
- Using DCF, decide whether a proposed HR system investment pays back.

## Course Content

## Day 1: Reading Company Accounts

- Company Objectives, Wealth Maximization and Measuring Company Results
- Income Statement, Balance Sheet and Statement of Cash Flows
- Ratio Interpretation of Operating Results, Financial Position and Risk
- Limits of Ratio Interpretation
- Cash Versus Profit in Value Creation

## Day 2: Cost Behavior and the Time Value of Money

- Timing of Cash Flows: Future and Present Values
- DCF Principles Applied to an HR Investment
- Fixed, Variable and Overhead Costs in HR
- Overhead Allocation, Absorption and Activity-Based Costing
- Expenses Versus Inventory and Contribution Versus Profit

## Day 3: Cost-Based Choices and Break-Even

- Relevant Costs in HR Choices
- Shut-Down Versus Continuation and Make Versus Buy for HR Services
- Product Mix With Limited Resources and Decision Trees
- Cost-Volume-Profit Relationships and Break-Even
- Cost Structure Changes and the Limits of Break-Even

## Day 4: The Planning Cycle and HR's Part in It

- Purposes of Budgeting and the Master Budget
- Activity-Based Budgeting for HR Activities
- Uncertainty, Risk and the Behavioral Side of Budgeting
- Common Budgeting Problems and Non-Financial Measures
- HR Inputs: Organization Charts, Manpower Planning and Direct and Indirect Labor

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## Day 5: Building and Controlling the HR Plan

- Exercise: Costing Benefits, Employee Records, Payroll Administration and Health and Safety
- Exercise: Redundancy, Appraisal and Succession Planning Cost Estimates
- Exercise: Variance Analysis of Actual Versus Planned HR Spend
- Exercise: Capital Investment Appraisal of an HR System Purchase
- Completing Your HR Department Budget Pack

## Case Studies and Exercises

The following are suggested activities.

- Case study: A manufacturing company asks HR to cut overtime and agency costs; you decide which lines to change and show the effect on the plan.
- Case study: A hospital weighs outsourcing payroll administration; you compare relevant costs and recommend a choice.
- Exercise: A retail chain's training spend runs over plan; you produce a variance report with corrective actions.
- Exercise: A hotel group proposes a new HR information system; you produce a payback and DCF appraisal.

## What You Take Back

The HR Department Budget Pack is a set of worksheets you complete across the one week with your own HR cost lines. In your first month back, use it to prepare or revise next year's HR plan and to explain current variances to finance in their own terms.

- A labor cost plan built from the organization chart and manpower plan
- Cost sheets for benefits, payroll, training and other HR lines
- A monthly variance report template
- An appraisal sheet for HR investment proposals

## Quick Answers FAQ

## What should I know before an HR budgeting and financial skills course?

You should already work with HR costs, payroll inputs or staffing requests. No accounting qualification is required; the course starts with how company accounts are built and moves to HR costing step by step.

## How does a one-week HR budgeting course differ from a two-week finance course for HR?

The one-week course concentrates on reading accounts, costing, break-even, budgeting and HR's part in the planning cycle. A two-week course adds full chapters on HR metrics, standard costing, capital budgeting and investment ranking.

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## What costs go into an HR department budget?

An HR department plan normally covers HR staff costs, direct and indirect labor lines, benefits, payroll administration, employee records, training, health and safety, appraisal, succession and any redundancy costs, plus allocated overheads.

## What do I take back from an HR budgeting and financial skills course?

You take back the HR Department Budget Pack, built on your own cost lines. It holds a labor cost plan, HR cost sheets, a variance report template and an investment appraisal sheet.

## For Your Manager

After the course, the team member will be able to read company accounts, cost HR activities, prepare the HR department plan and explain variances to finance. They return with an HR Department Budget Pack built on the department's own cost lines, first used in the next planning round or monthly cost review.