Oil and Gas Accounting and Performance Measurement Training

Description

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Introduction:

This five-day training course develops an essential understanding of Oil & Gas Exploration & Production (E&P) accounting, reporting and performance measurement issues and practices. It develops your ability to prepare, use and critically evaluate information on E&P activities, applying specialist industry knowledge and relevant analytical skills.

- The programme is designed specifically for those who have a basic understanding of accounting but who need to understand more about accounting and financial reporting policies and practices in the upstream oil and gas industry.
- Topics covered include the successful efforts and full cost methods of accounting, the classification of assets as tangible or intangible, the unit of production method for depreciation of capitalised costs, the testing for impairment of oil and gas assets, and accounting for removal and restoration of oil and gas facilities.
- The main requirements of Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) relevant to the Oil & Gas Exploration & Production industry are examined for each major phase in the field life cycle.
- Learning throughout the course is achieved through illustrated presentations, group discussions, worked examples, exercises and solutions, and extracts from published financial statements of international companies.
- Participants in this programme gain a broader and deeper appreciation of the role of the E&P Finance Department and the context in which it operates, encouraging a more confident and proactive approach to their work, developing awareness of issues, and preparing them for increased responsibility.

Course Objectives:

By the end of the programme, delegates will learn how to:

- Develop understanding of the accounting standards, policies and practices used by companies in

the Oil & Gas Exploration & Production industry
- Appreciate the nature and financial implications of Production Sharing Contracts and other agreements between host governments and international companies
- Examine issues and guidelines in accounting for Joint Ventures
- Identify and know how to apply international and national accounting standards most relevant to the E&P industry
- Improve relevance and reliability of financial reports to better meet the needs of users
- Review and use publicly available information for benchmarking the business performance of companies in the E&P industry

The Course:

Day One:

THE OIL & GAS SECTOR AND MAJOR ACCOUNTING ISSUES

The Oil & Gas Sector & The Macro-economic Factors

- Commodity prices, currency fluctuations, interest rate risk and political developments and environmental risk.

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Costs in Acquisition, Exploration, Development and Production of new oil or natural gas reserves

Accounting Approaches

- The “Successful Efforts” (SE) Method or the “Full Cost” (FC) Method

An Introduction/Overview of IFRS in relation to the Oil & Gas Sector, with particular reference to:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IFRS 6: Exploration for and Evaluation of Mineral Assets
- IFRS 10: Consolidated Financial Statements
- IFRs 11: Joint Arrangements
- IAS 16: Property, Plant and Equipment
- IAS 36: Impairment of Assets
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- IAS 38: Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement – Superseded by IFRS 9 effective 2013

Day Two:

EVALUATING THE PERFORMANCE AND IDENTIFYING THE ACCOUNTING ISSUES OF BP, CHEVRON , SHELL & SABIC

Analysis of financial statements

- Income Statements
- Statement of Financial Position (Balance Sheet)
- Cashflow Statements

Identification & Evaluation of their Accounting Policies

DuPont Analysis – Evaluating and Improving Return on Equity (ROE)

Evaluation of their Share Price and Investment Performance

- With live feeds from London Stock Exchange and Dow Jones

Day Three:

ACCOUNTING FOR UPSTREAM ACTIVITIES WITH REFERENCE TO IFRS AND EXAMPLES OF BP, CHEVRON & SHELL, E.G.

- Reserves and resources
- Exploration and evaluation
- Revenue recognition
- Assets
- Depletion, Depreciation & Amortisation (“DD&A”)
- Impairment of development, production and downstream assets

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Day Four:

JOINT ARRANGEMENTS; FINANCIAL INSTRUMENTS & DERIVATIVES

- Business Combinations, Joint Ventures & Production Sharing Agreements (“PSA”s)
- Treasury Management Issues for Multi-nationals
- The Use of Derivatives in the Oil& Gas Sector to manage the commodity, currency and interest-rate risks etc

Day Five:

CREATIVE ACCOUNTING AND CORPORATE GOVERNANCE

- Creative Accounting – Enron and investor protection
- Auditors and reporting to investors in the oil and gas industry
- External audit investigations and reports
- The auditor’s ‘Opinion’
- True and Fair
- Sarbanes Oxley
- Internal audits
- Ethical issues
- Corporate governance
- Government regulation
- Investor confidence and share prices