



ACCOUNTING AND FINANCE

Fundamentals Of Oil & Gas
International Financial Reporting
Standards (IFRS)

Website: www.btsconsultant.com

Email: info@btsconsultant.com

Telephone: 00971-2-6452630

Fundamentals Of Oil & Gas International Financial Reporting Standards (IFRS)

Intrudiction:

International Financial Reporting Standards (IFRS) provide the basis for financial reporting to the capital markets in an increasing number of countries around the world. Over 100 countries either use or are adopting IFRS. Those companies already on IFRS have their own challenges as the pace of standard-setting from the International Accounting Standards Board (IASB) has been intense in recent years with a constant flow of changes for companies to keep up with. This IFRS for the oil and gas industry course develops an essential understanding of oil & gas exploration & production (E&P) accounting, reporting and performance measurement issues and practices. This course develops your ability to prepare, use and critically evaluate information on E&P activities, applying specialist industry knowledge and relevant analytical skills. The IFRS for the oil and gas industry course will feature:

- Analysis and evaluation using practical case studies
- Facilitated group discussions on current issues, policies, procedures
- The unique challenges of applying IFRS in the oil and gas industry
- The International Accounting Standard Board's activities regarding the extractive industry
- The work of the oil and gas industry task force on IFRS

- Oil and gas industry issues addressed by the IFRS
- IFRS application issues relevant to the oil and gas industry
- Resources to help oil and gas organizations apply IFRS
- Real life issues within delegates' organizations and other oil and gas companies

Who Should Attend?

Finance Professionals, Finance Managers, Chief Accountants, Senior Accountants, Accountants, Corporate Accountants, Accounting & Budgeting Personnel, Corporate Controllers, Financial Controllers, Financial Analysts, Treasury Professionals, Accounting Managers, Accounting Professionals, Budgeting Personnel, Financial Executives, Financial Managers, Financial Controllers, Treasury Officers, Auditors, Joint Venture Accountants, Bankers, Investment Bankers, Banking Professionals, Corporate Business Professionals, Professionals in the field of finance and accounting, managers, supervisors, and finance professionals who desire to understand, apply and implement practical tools to enable them to run the finance and accounting departments more efficiently, Financial Planners and Cost Analysts, External, Financial and Internal Auditors, Government Regulators and Auditors, Financial and Investment Analysts, Finance Professionals responsible for financial accounting, treasury, budget preparation and management reporting, Process and Non-technical Professionals who require a more in-depth understanding of financial accounting reporting, project management and forecasting techniques, Finance Staff in General Accounting, Payables, Receivables, Inventory, Fixed Assets, etc., Line/Unit Heads with direct planning and budgeting responsibility, Key Personnel in the oil and gas industry, Managers involved in making CAPEX decisions, Bankers and Professionals who work in Energy Lending

Course Objectives:

By the end of this course, delegates will be able to:

- Develop an 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

Course Outline:

The Oil and Gas Sector & Major Accounting Issues

- The oil & gas sector & the macro-economic factors
- Commodity prices, currency fluctuations, interest rate risk and political developments and environmental risk
- 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
- 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

Evaluating the Performance and Identifying the Accounting Issues

- Analysis of financial statements
- Income statements
- Statement of financial position (balance sheet)
- Cash flow statements

- Identification & evaluation of their accounting policies
- DuPont analysis evaluating and improving return on equity (ROE)
- Evaluation of their share price and investment performance
- Case study: BP, Chevron, Shell and SABIC

Accounting for Upstream Activities with Reference to IFRS

- Reserves and resources
- Exploration and evaluation
- Revenue recognition
- Assets
- Depletion, depreciation & amortization ("DD&A")
- Impairment of development, production and downstream assets
- Examples: BP, Chevron & Shell

Joint Arrangements, Financial Instruments and Derivatives

- Business combinations, joint ventures & production sharing agreements
 (PSAs)
- 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.

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• British Airways case study – hedging the oil price using Futures

Creative Accounting and Corporate Governance

- Creative accounting Enron and investor protection
- Leases IFRS 16 (new standard)
- 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