



ACCOUNTING AND FINANCE

Finance & Accounting For The Oil & Gas Industry

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Introduction:

In business, whatever your specialism, you will benefit from a keen sense of commercial awareness. This course has been designed specifically for non-finance specialists in the oil and gas exploration and production (E&P) industry who need to understand the financial implications of the work they do. This Course will provide you with a sound foundation in the financial aspects of oil and gas exploration and production. It will have immediate and practical application back at your workplace since all activities have financial implications for the assets, departments and ultimately the company for which you conduct your specialist activities. You will be able to:

- Understand how your activities and decisions are reflected in your company's reporting to shareholders and other stakeholders
- Find out what happens to financial and economic data that is provided by you and your departmental colleagues
- Raise your level of confidence in working with financial information and interactions with Commercial colleagues
- Prepare yourself for increased responsibility and a more strategic role in the management of your company

Who Should Attend?

Those who have had little or no previous exposure to company finance and accounting and is also people working in all functional areas of an organization who need a better understanding of accounting and finance in the industry,

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anyone who have some financial responsibility within their area of activity and those whose career development involves progression

Course Objectives:

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

- Appreciate the financial impact of your day-to-day decisions and actions
- Work more confidently and effectively with colleagues on financial matters
- Improve the quality of information you receive from and provide to finance
- Increase the success rate of requests for authorization of expenditure and make more effective use of funds allocated
- Use departmental budgets and monthly management reports to help you exercise financial control of your area of operations
- Understand the financial information disclosed in your company's annual report and accounts

Course Outline:

The E&P Business and Project Economics

- The Business Environment
- Business objectives
- Stakeholders
- Corporate governance

The E&P Business

- Risk and reward
- Commercial arrangements
- The field life cycle

Project Economics

- Project cash flows
- The time value of money
- Discounting and the cost of capital
- Project economic models
- Decision criteria

Accounting, Exploration and Development Costs

- The Accounting System
- Capturing and recording data
- Cash and accruals
- The balance sheet
- The income statement and profit measurement
- Accounting principles and standards

Capital and Operating Expenditure

- Matching costs and benefits
- Assets and expenses

Exploration and Appraisal Costs

- Full cost and successful efforts
- Intangible assets

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Development Costs

- Commitments
- Tangible assets

Reserves, Production and Cost of Sales

- Reserves of Oil and Gas
- Classification of reserves
- Reserve quantity disclosures

Production Costs

- Lifting costs
- Maintenance costs
- Royalties

Depreciation, Depletion and Amortization

- Unit of Production (UOP) method
- Changes in costs and reserves

Ceiling or Impairment Tests

- Test requirement and process
- Accounting for test results

Decommissioning, Removal and Restoration

- Obligations to remove and restore
- Reporting of decommissioning liabilities and costs

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Risk and Cost Sharing Arrangements

Joint Ventures

- Cash calls
- Billing statements
- Entitlements and lifting's

Transfers of Interests or Risks

- Farm outs
- Carried interest

Production Sharing Contracts

- Cash flow implications
- Reserve implications

Long-Term Gas Contracts

- Pricing mechanisms
- Take or pay

Financial Analysis, Budgets and Management Reports

Analysis of Financial Statements

- Profitability, liquidity and solvency
- Investment measures

Budgets

- Authorization of expenditure
- The budget process

Management Reports

- Responsibility reporting
- Analysis of variances