OIL AND GAS
Accounting and Performance Measurement
**Course Introduction:**

This program 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 program 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 capitalized 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 program 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 program, 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
Who Should Attend?

- All financial professionals
- Financial management
- Department heads
- Internal auditors
- Project professionals
- Sales and marketing professionals
- R&D professionals
- and anyone who needs to understand the short and long-term financial impact of key decisions

Course Outline:

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.

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
IFRSs 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

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)
- 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
  - With live feeds from London Stock Exchange and Dow Jones

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

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
British Airways Case Study – Hedging the Oil Price using Futures

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

Course Certificate:

International Center for Training & Development (ICTD) will award an internationally recognized certificate(s) for each delegate on completion of training.

Course Methodology:

A variety of methodologies will be used during the course that includes:

- (30%) Based on Case Studies
- (30%) Techniques
- (30%) Role Play
- (10%) Concepts
- Pre-test and Post-test
- Variety of Learning Methods
- Lectures
- Case Studies and Self Questionnaires
- Group Work
- Discussion
- Presentation

Course Fees:

To be advised as per the course location. This rate includes participant’s manual, and-OUTs, buffet lunch, coffee/tea on arrival, morning & afternoon of each day.

Course Timings:

Daily Course Timings:

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:00 - 08:20</td>
<td>Morning Coffee / Tea</td>
</tr>
<tr>
<td>08:20 - 10:00</td>
<td>First Session</td>
</tr>
<tr>
<td>10:00 - 10:20</td>
<td>Coffee / Tea / Snacks</td>
</tr>
<tr>
<td>10:20 - 12:20</td>
<td>Second Session</td>
</tr>
<tr>
<td>12:20 - 13:30</td>
<td>Lunch Break &amp; Prayer Break</td>
</tr>
<tr>
<td>13:30 - 15:00</td>
<td>Last Session</td>
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</tbody>
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