

## Finance & Accounting for the Oil & Gas Industry

*Washington (USA)*

*11 - 15 May 2025*

UK Training

# PARTNER



# Finance & Accounting for the Oil & Gas Industry

Code: OG28 From: 11 - 15 May 2025 City: Washington (USA) Fees: 5400 Pound

## Introduction

This course builds up a fundamental comprehension of Oil & Gas Exploration & Production E&P accounting, reporting, and performance measurement issues and practices. It enhances your ability to prepare, utilise, and critically evaluate information on E&P activities, applying specialist industry knowledge and relevant analytical skills. The course 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.

Learning throughout the course is achieved through illustrated presentations, group discussions, work examples, exercises, solutions, and extracts from published financial statements of international companies.

## Course Objectives

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

## Course Outline

### Day 1

#### 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.
- 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.

## Day 2

### 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.

## Day 3

### Reserves, Production, and Cost of Sales

- Reserves of Oil & Gas
  - Classification of reserves.
  - Reserve quantity disclosures.
- Production Costs
  - Lifting costs.
  - Maintenance costs.
  - Royalties.
- Depreciation, Depletion, and Amortisation DD&A
  - 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.

## Day 4

### Financial Analysis, Budgets, and Management Reports

- Analysis of Financial statements.



- Profitability, liquidity, and solvency.
- Investment measures.
- Budgets
  - Authorisation of expenditure.
  - The budget process.
- Management reports
  - Responsibility reporting.
  - Analysis of variances.

## Day 5

### CREATIVE ACCOUNTING AND CORPORATE GOVERNANCE

- Creative Accounting.
- Auditors and reporting to investors in the oil and gas industry.
- External audit investigations and reports.
- The auditor's "Opinion".
- True and Fair.
- Internal audits.
- Ethical issues.
- Corporate governance.
- Government regulation.
- Investor confidence and share prices.



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