Introduction

This Oil and Gas Accounting program provides a solid foundation in the financial practices, reporting, and performance measurement specific to the Oil and Gas Exploration and Production (E&P) sector.

The course enhances participants' ability to prepare, assess, and critically evaluate information related to E&P activities. It integrates industry-specific knowledge with relevant analytical skills and performance measurement techniques in management accounting.

This program is designed for individuals with a basic understanding of accounting who want to deepen their knowledge of financial reporting and accounting policies used within the upstream oil and gas industry.

Course topics include methods like successful efforts and full-cost accounting, classification of assets (tangible vs. intangible), unit-of-production depreciation, asset impairment testing, and the financial processes for decommissioning oil and gas facilities.

Enhancing Performance Measurement and Accountability in Oil & Gas Accounting

This comprehensive course places significant emphasis on performance measures, accountability, and the role of accounting in driving operational efficiency within the oil and gas industry. By engaging with these key concepts, participants will learn how performance measurement in management accounting is essential for making strategic decisions and improving operational processes.

Target Audience

- Corporate accountants, financial controllers, and treasury officers
- Management accountants and finance staff in accounting, payables, receivables, inventory, and fixed assets
- Joint venture accountants and auditors
- External, internal, and financial auditors
- Government auditors and regulators
- Investment and financial analysts

Learning Outcomes

Upon completion of the course, participants will be able to:

- Understand accounting standards, policies, and practices in the E&P sector.
- Analyze the financial effects of Production Sharing Contracts and agreements between host governments and international companies.
- Examine joint venture accounting issues and guidelines.
- Identify and apply international and local accounting standards relevant to E&P activities.

- Improve the relevance and accuracy of financial reports for better decision-making.
- Use publicly available data to benchmark the business performance of companies in the E&P sector.

Key Competencies

- Identifying challenges and opportunities within the oil and gas industry.
- Utilizing strategic decision-making techniques in complex business environments.
- Evaluating financing strategies and capital structure decisions.
- Developing strategies to manage financial risks.
- Analyzing the performance of leading oil and gas companies.

Course Outline

Unit 1: Financial Reporting Standards in the Oil & Gas Sector

- Investor reporting and considerations
- Taxation, royalties, and their implications
- Reports for new investors and stock market intermediaries

Unit 2: Convergence of GAAP and IFRS

- Impact of the convergence on financial reporting
- Migration paths for companies
- Effect on Production Sharing Contracts and share pricing in the oil and gas industry

Unit 3: Capitalization and Cash Flow Management in Oil & Gas

- Capitalization methods for E&P projects
- Impact of IFRS on capital management
- Capital sourcing and maintenance strategies

Unit 4: Accounting Issues in the Oil & Gas Value Chain

- Exploration, development, and borrowing costs
- Reserves and resources classification
- Product valuation, impairment, and disclosure requirements
- Accounting for royalty and income taxes
- Emission trading considerations

Unit 5: Accounting for Joint Ventures and PSAs

- GAAP and IFRS comparisons in joint ventures
- Business combination accounting and currency translation issues
- Variations in accounting treatments

Unit 6: Financial Statement Analysis

- Tools for analyzing financial performance

- Application of the successful efforts approach
- Decommissioning obligations and accounting treatments

Unit 7: Auditing and Reporting in the Oil & Gas Sector

- Understanding the auditor’s opinion
- Ensuring accuracy in reporting
- Compliance with the “Sarbanes-Oxley” Act
- The role of internal audits

Unit 8: Ethical Considerations in Oil & Gas Accounting

- Corporate governance and regulatory compliance
- Protecting investor confidence and share prices
- Addressing creative accounting practices

Unit 9: Investment Finance in Oil & Gas

- Sourcing external finance for oil and gas projects
- Mechanisms in financial markets
- Criteria for investment decisions
- Roles of financial intermediaries

Unit 10: Performance Analysis of Major Oil Companies

- Financial analysis of companies like Shell and BP
- Application of DuPont analysis and ratio analysis
- Factors affecting accounting performance and valuation in the oil sector

Certification and Professional Development

Participants who wish to validate their expertise can pursue certification in oil and gas accounting. This program demonstrates a commitment to mastering specialized accounting techniques and further enhancing the professional skills of oil and gas accountants.