



Arabian Institute For Training

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# The 10-day Financial Management Workshop for the Oil & Gas Industry

## INTRODUCTION

- This 10-day Financial Management training course provides the knowledge and skills to enable delegates to successfully control costs; prepare, manage and control budgets effectively in the Oil & Gas industry. It also provides solutions to the strategic issues facing the Oil & Gas industry, recommending sustainable growth strategies in an effective cost control manner. In addition delegates will be able to prepare, understand and evaluate financial accounts for the Oil & Gas industry.

This training course will feature:

- A detailed understanding of financial accounting, costing and budgeting in the Oil & Gas industry, focusing on leading international practice
- Examination and evaluation of the latest techniques
- Skills development via interactive sessions
- Key discussion of strategic and operational issues currently facing the Oil & Gas industry

## PROGRAMME OBJECTIVES

- Understand the major risks facing the Oil & Gas sector including the impact for oil price volatility
  - Evaluate capital investment proposals including financing decisions
  - Prepare & Evaluate financial statements in line with International Financial Reporting Standards
  - Measure and control costs effectively in a competitive environment
  - Prepare, manage and control budgets in the Oil & Gas Industry to make effective decisions to ensure growth, maintain profitability and reduce risk
  - Recommend innovative hedging strategies used by leading international companies to control risk and manage budgets effectively
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## WHO SHOULD ATTEND?

The 10-day Financial Management workshop is specifically tailored for those working or wishing to work in the Oil & Gas industry. It is particularly suited to:

- Those responsible for finance and budgets
- Those responsible for making or contributing to capital decisions or budget decisions
- Professionals who require a more in-depth understanding of financial accounting, budgeting and cost control
- Line heads with direct finance and accounting and budgeting responsibility
- Those responsible for making decisions based on finance budgets

## TRAINING METHODOLOGY

- This training course uses training methods chosen to ensure effective learning, to reinforce understanding, to develop practical skills and to promote the critical evaluation of information. Interest is maintained throughout each session using a variety of formats, including:
  - Real world Oil & Gas case studies demonstrating the practical application of each topic
  - Illustrative extracts from the annual reports of international Oil & Gas companies
  - Discussion of relevant issues raised by participants
  - Illustrated presentations of Oil & Gas accounting issues focusing on recent events and strategic issues facing companies today

## PROGRAMME SUMMARY

- The 10-day Financial Management training course begins with a review budgeting and cost control to ensure sustainable growth and profitability. It then examines the preparation and analysis of financial statements before focusing on the strategic financial issues facing the Oil & Gas Industry.

## PROGRAM OUTLINE

### The Case for Budgeting and Cost Control in the Oil & Gas Industry

- Oil Price Volatility – The Causes and Impact
  - Major Costs of Acquisition, Exploration, Production and Development
  - Cost Oil and Profit Oil
  - The Cost Curve of the Oil Market
  - Controlling Gross Margins and Net Margins
  - Managing National Fiscal Budgets
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## Finding Strategic Solutions to Cost Control

- Re-assessing the Strategic Plan in the light of recent developments
- The need for Growth whilst managing costs
- Managing Working Capital and Cash Flow
- Evaluating & Managing Capital Projects
- Joint ventures, Merger and Acquisition as a solution and growth opportunity
- Finance solutions to growing costs and oil price volatility

## Measuring and Controlling Costs

- Cost Classification and Cost Behaviour
- Job Process Costing; Batch Costing and Activity Based Costing
- Statistical Estimates of Costs
- Controlling Fixed and Variable Costs
- Earned Value Management
- Variance Analysis

## Budgeting in the Oil & Gas Industry

- The Benefits and Limitations of Budgeting
- The Essential Features and Types of Budgets
- Preparing Forecasts and Budgets in a volatile Oil & Gas industry
- Using Budgets as a Management Tool
- Sensitivity; What-if and Break-Even Analysis
- Managing and Controlling Budgets

## Hedging Costs to Manage the Budget

- Defining Hedging and Identifying Costs / Risks to Hedge
- Determining the Hedging Strategy
- Hedging Oil Price Volatility
- Hedging Exchange Rate Risk
- Hedging Interest Rate Risk
- Controlling the Hedge to avoid Speculation

## Financing Growth and Capital Projects

- The Business and Financial Environment
  - Risks facing the Oil & Gas industry
  - Identifying Growth opportunities
  - Financing Growth via Equity, Debt and / or alternative sources
  - Evaluating Capital Investment using Payback, ARR, NPV and IRR
  - Capital Rationing – Internal and External
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## Accounting In The Oil & Gas Industry

- The Accounting System
- Understanding the Annual Report
- Preparing Financial Statements in accordance with IFRS
- IAS 18: Revenue and IFRS 17 Revenue from Contracts with Customers
- IFRS 6: Exploration for and Evaluation of Mineral Assets
- Accounting Approaches – The “Successful Efforts” (SE) Method or the “Full Cost” (FC) Method

## Accounting for Reserves, Resources and Assets

- Resources & Reserves – the size and importance
- Reserve Classification and Reserve Quantity Disclosures
- Accounting for Assets and Relevant IFRS requirements: IAS 16, 36, 37, 38 and 39
- Depreciation, Depletion and Amortisation (DD&A)
- Ceiling or Impairment Tests
- Decommissioning, Removal and Restoration of Assets

## Business Combinations, Joint Arrangements and Production Sharing Agreements

- The Need for Co-operation in a Capital Intensive industry
- IFRS 3 Business Combinations
- IFRS 10 Preparing and Presenting Consolidated Statements
- IFRS 11 Joint Arrangements, Joint Operations and Joint Ventures
- Production Sharing Agreements
- Revenue, Cost, Cashflow and Reserve Implications

## Financial Analysis to Evaluate Performance and Improve Efficiency

- Analysis of Financial Statements
  - Profitability, Liquidity, Operational and Solvency measures
  - Off Balance Sheet Items and Contingencies
  - Investment Measures of Leading International Oil & Gas companies
  - Improving Return on Equity
  - Implementing change in the light of analysis
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