

Exploration & Production Accounting Level 2 (Delivered via Remote Instructor Led Training)

Course Objectives

The aim of this 5-day training course is to raise to an intermediate level your knowledge and understanding of international E&P finance and accounting. This is achieved by in-depth examination of international practices and current developments across a broad range of relevant topics. You are encouraged to challenge existing methods as a basis for reviewing procedures and introducing improvements in your own workplace.

What You Will Learn

- Enhance your knowledge of accounting and reporting issues unique to the E&P industry with emphasis on the application of International Financial reporting Standards (IFRS).
- Improve your understanding of the accounting and reporting of Sales Revenue and E&P Industry Taxation.
- Improve your knowledge of the Fiscal / Contractual frameworks commonly used in the E&P industry, including the use of Production Sharing Contracts and the related accounting implications.
- Develop your understanding of Joint Venture Accounting issues including Unitisation & Redetermination.
- Improve your knowledge of the Corporate Budget and Planning process including a review of Key Performance Indicators and Company Strategy.
- Raise your awareness of the E&P business activity for which we are accounting and reporting.

Who Should Attend

We recommend that, to derive maximum benefit from this course, you first attend our predecessor Level 1 course. Otherwise, this course is suitable for personnel with a good foundation knowledge in exploration and production accounting.

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Training Method

The course content has been designed to be delivered via a 'Live' Remote Instructor Led platform. It is a highly participative course using a combination of instruction, group discussions and practical examples and exercises to ensure attendees absorb both the theory and the practical application of the topics. The first session will run for 2½ hours to allow for introductions, subsequent sessions will be 2 hours long. Each day will consist of 2 sessions (1 morning/1 afternoon) with a break of 10 minutes during each of the sessions, time will be allowed for questions and discussions.

Course Content

Accounting Policies – Regulation and Accounting for Exploration & Appraisal Costs

- Features of E&P industry and the related accounting implications
- Accounting standards applicable to the E&P industry
- Understanding the scope for the use of differing accounting policies and practices in the capture and reporting of exploration and appraisal costs

Accounting Policies – Reserves and DD&A

- The nature of commercial reserves and their significance in accounting and reporting
- Calculating DD&A on a Unit of Production basis
- Updating the DD&A calculation to reflect changes in costs and reserve estimates

Accounting Policies – Decommissioning and Asset Impairment Tests

- Interpreting and applying IAS 37 in accounting for Decommissioning
- Performing Asset Impairment Tests under IAS 36

Accounting Policies - Review

- Team exercise to consolidate E&P accounting policy topics covered to date
- Commitments, Provisions and Contingent Liabilities
- A review of IFRS 16

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Accounting for Sales Revenue plus an Introduction to E&P Taxation

- Shared pipelines
- Understanding and accounting for Overlift/Uplift adjustments
- E&P tax – a review of common industry taxes

State Frameworks for the Control & Exploitation of Petroleum Reserves

- Overview of issues pertaining to the ownership of oil & gas
- The PSC System – understanding the difference between cash flow and cost recovery
- The relationship between cost oil & profit oil
- Calculating and accounting for entitlement barrels

Joint Ventures

- Overview of Joint Ventures and the Bidding Process
- The Joint Operating Agreement (JOA) and the Accounting Procedure
- The principles of JV Accounting
- Understanding JV Farm In / Farm Out arrangements

Joint Ventures – Unitisation and Redetermination, Cash Calls & Billings

- Understanding the impact of Unitisation and Redetermination
- Principles of Cash Calls and Invoice Funding
- JV Billing – a practical example including modified cost sharing due to an equity redetermination

Planning & Budgeting

- The top down / management by objectives approach
- Preparing a budget including the Key Financial Statements

Performance Measurement & Company Strategy

- Review of the most commonly used industry key performance indicators
- Compare and contrast Large & Small E&P company strategy
- Team exercise to prepare and present an E&P company strategy

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Testimonials

“Great trainer and excellent pace. Loved the examples, exercises and use of personal experience to put things into perspective.” **Nancy Diakhate, Cairn Energy**

“Superb! Many “Ahh!” moments when I finally understood certain E&P concepts and principals.” **Yong Ai Min, Petroleum Brunei**

“Really excellent, I learned a lot. Deepened my knowledge of upstream business, made me appreciate the operations side more and made financial accounting side clearer.” **Christine Magno, UT Global**

“Now have a global perspective and broadened perspective of the profession, especially within the industry. It has also given me a better view of the O&G business.” **Olubunmi Adenuga, Network E&P**

“This course has exceeded my expectations; I shall recommend it to my staff and peers.” **Edwin Kamar, Office of Auditor General**

“A course which is relevant to any oil and gas professional who wants to expand their knowledge of the oil & gas industry. A very experienced trainer, who understands the industry well.” **Daniel Musasya, BG Kenya**

“Full of insight. The course goes beyond what you can learn from books. For someone without oil and gas industry experience, the course gave me a feel of what it is like to be in the business (i.e. the risks involved, market behaviour, current trends, politics behind transactions and a lot more).” **Almira Landicho, UT Global**