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INTRODUCTION TO OIL & GAS ACCOUNTING

Live Online Training: Introduction to the accounting principles & practices specific to the international oil & gas industry. Course participants will gain an insight into the key accounting issues confronting the industry & best practice reporting for internal & external stakeholders.

October

Course Parts will commence at **09:00** and end at **13:00** (Perth time). There will be short breaks during each course Part.

Part 1: **5th October**

Part 2: **6th October**

Part 3: **12th October**

Part 4: **13th October**

4 Part Series



Our Expert Course Instructor



Inderpal Singh

Inderpal is a Chartered Accountant with more than 15 years experience in the resources sector & runs a specialist consultancy providing audit services to the oil & gas sector.

Key Learning Objectives

- ▶ Review the overall petroleum value chain and an oil and gas project value chain
- ▶ Gain an awareness of the key accounting issues confronting oil and gas companies
- ▶ Develop a detailed understanding of the key accounting principles specific to the oil and gas industry
- ▶ Review cost allocation methodologies for exploration, development and production activity
- ▶ Gain an insight into accounting for oil and gas revenue
- ▶ Differentiate between the various agreements used in the oil and gas industry (JOA, PSC etc.) and their specific accounting treatment
- ▶ Understand the role of the petroleum accountant in corporate governance
- ▶ Develop perspectives on the information needs of various stakeholders (internal and external)

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ABOUT THE COURSE

The course will begin with a brief review of the technical aspects of a petroleum company's value chain: upstream, midstream and downstream; and a typical petroleum project lifecycle from exploration through to operations, sales and decommissioning.

It will pay specific attention to the financial and non financial risks associated with each phase that the accountant needs to be aware of.

The course will cover the main terminology and industry jargon. The instructor will then analyse, assess and interpret the accounting specific activities, principles and challenges associated with each phase; including the terminology used.

- Detail accounting and reporting implications during each phase
- Describe some revenues and costs at each stage where applicable
- Worked examples to differentiate between the different accounting treatments at each stage

The course will dissect some select oil and gas contracts, in particular, JV agreements (JOAs and PSCs), and illustrate how an accountant can best interpret and account for the various elements of the agreements, and what actually happens in practice.

WHO WILL BENEFIT

- Finance personnel new to the oil and gas industry who need to understand the specialist disciplines that comprise oil and gas company finance function.
- Finance personnel who are looking at joint venture, production, cost and revenue accounting, operational budgeting, capital budgeting, activity based costing and standard costing.
- Audit staff.
- Treasury and tax specialists who want a broader understanding of the accounting issues in oil and gas.

EXPERT COURSE INSTRUCTOR



Inderpal Singh

Inderpal is a Chartered Accountant with more than 15 years' experience in the resources sector. He is Managing Director of Singh Oil & Gas Consultants which is a specialist consultancy providing audit services to the oil and gas industry.

Inderpal has been involved in the audit of some of the largest projects in Australia including the North West Shelf, Browse, Wheatstone and Ichthys. He has also undertaken various audit assignments in Africa and Asia representing international oil and gas companies. This has involved leading teams of international auditors from around the world.

Prior to starting his own company, Inderpal has held the role of Financial Controller at Tribune Resources at a time when the company was transforming from a junior explorer to a highly profitable producer. Inderpal spent a decade in academia holding the position of Associate Professor of Accounting at the University of Western Australia until late 2014.

Prior to UWA, Inderpal worked at Curtin University. The academic roles involved both teaching and research in accounting and auditing. This teaching experience has been invaluable with regard to running various training and short-course programs for the oil and gas sector. Inderpal is currently a member of the Adjunct faculty at the University of New South Wales in the MBA program.

Inderpal is a graduate of the University of Western Australia with a BCom(Hons) and has a PhD from Curtin University. He is an active member of the Institute of Chartered Accountants Australia and New Zealand.

WHAT OUR CLIENTS SAY

"The instructor is friendly, knowledgeable and willing to support students individually."

Project Manager, **Dar Petroleum**

"I really enjoyed this course, the knowledge is very useful and I can't wait to contribute more at my workplace." Assistant Accountant, **Osaka Gas Australia**

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Course Outline

Understanding the oil and gas value chain

- Upstream (Exploration, appraisal, development, production and abandonment)
- Midstream (Storage, transportation, shipping, pipelines and LNG terminals)
- Downstream (Refining, marketing, petrochemical plants, polymers, plastics and products)
- Commercial aspects such as resources and reserves

How the value chain works from a project perspective Project phases

This session will provide a brief review of what each project phase (concept, pre-feasibility, feasibility, FEED, detailed design, FID and etc.) means and entails, and what issues may arise from a cost and revenue allocation perspective.

The implications of cost allocations and why it's important to allocate costs accurately will be discussed. This will link into JV arrangements – the common type of project structures in oil and gas.

This session will also match some of the job titles and descriptions typical in a project, and how they come into play along the various stages of a project.

Detailed project considerations

This session will help the accountant with more detail about project cost allocations, project risks and decision making during uncertainty, in particular:

- Breakdown of project costs
- The importance of allocating costs
- Costs control from a project accountant's perspective
- Industry and project risks and uncertainty such as environmental and JVs
- How financial decisions are made on projects
- Approvals
- Contractual agreements and transactions

Corporate governance, boards, shareholders, risks and reporting

This session will provide a summary of the KPIs and the responsibilities of the management team and the board, from a private and public company perspective. It will take a brief look at corporate governance, and the role of finance in corporate governance and the importance of accurate cost allocation for the purpose of financial reporting.

Gaining insight into management decision making

Using examples, the instructor will illustrate company strategy, risks and governance mechanisms that two different oil and gas companies use to manage risk and drive strategic growth and change. This course does not detail financial reporting principles, standards and requirements, and aspects such as commercial reserves, determining which accounting standards suit the project etc. This detail is found in Informa's Financial Reporting course.

Petroleum industry agreements and contracts

This session will examine the various contracts typically used in oil and gas, such as Production Sharing Contracts (PSC), Joint Operating Agreements (JOA) and Joint Sales Agreements (JSA). It will then apply how to understand what actually happens in practice. The differences between the types of agreements will be discussed and the main elements of the accounting principles in a JOA will be reviewed.

Up to this point, the course will have provided an overview of oil and gas specific accounting activities and the typical agreements/contractual requirements that dictate how petroleum companies allocate their costs and revenues.

Extensive examples of cost allocations will be examined, with a focus on drilling costs, development costs and overhead.

How to marry it all together from an accounting point of view

From here, the course will then examine how to develop well rounded structure and system for accounting and accurate cost allocation, based on analysis, case studies, worked examples and troubleshooting.

This is an important step, and the instructor will speak to both management accounting and financial reporting issues.

Accounting principles will be addressed from a management accounting and financial reporting perspective as it applied to each of the elements below:

- Cost accounting
- Revenue accounting
- Depreciation
- Depletion
- Amortisation
- Cash calling
- Impairment testing
- Accounting for decommissioning

The course director will also highlight the different skills needed to become a good petroleum accountant, and what to be aware of when making sound decisions about cost and revenue allocations.

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Easy Ways to Register



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Course Code	Location	Course Parts	Month	Standard Price	4+ Dels Discount
P20GR16PEV	Live Online Training	All 4 Parts	October 20	\$2,076 + \$207.60 GST	\$2,283.60 Great Savings: When you book 4 or more participants! Call us today on +61 (2) 9080 4395 or email training@informa.com.au to take advantage of the discount offer.

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