

# GULF INSTITUTE



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# Certificate in Financial Management for Oil and Gas Companies & Petrochemical Industries

## INTRODUCTION

- When the training course addresses a number of economic, legal, accounting, taxation, auditing, budgeting, controlling, planning, information system, managerial and strategic planning issues in a context, it is our Financial Management course.
- This Certification training course in Financial Management for Oil and Gas Companies & Petrochemical industries provides a deeper knowledge on accounting in the oil industry and to introduce the tools of financial analysis and management. Participants in this Certification training course will be provided with knowledge that can be shared amongst their own colleagues, and with other departments.
- This Certification training course in Financial Management for Oil and Gas Companies & Petrochemical Industries will introduce the practical realities of today's world, and the understanding of the various financial techniques available that will enable delegates to communicate better with financial professionals, within and external to their organization, and to become more effective managers.

### Specifically, you will learn to:

- Appreciate the specificities of the international petroleum accounting standards
- Define fundamentals of cost analysis and control
- Analyze and review the financial report of a company
- Review alternative methods of accounting for exploration and production companies
- Use the methodology and techniques of audit

## OBJECTIVES

- Analyze the profit and loss account (income statement), balance sheet, and cash flow statement, and use ratios to interpret financial statements the Oil & Gas sector and petrochemical industry
- Appreciate the significant importance of cash flow (rather than profit) and Discounted Cash Flow (DCF) in Oil & Gas companies and petrochemical industries
- Develop costing systems such as Activity-Based Costing (ABC) for optimal decision-making to maximize shareholder wealth
- Appreciate the role of managers in the budget process and the use of Activity Based Budgeting (ABB)

## TRAINING METHODOLOGY

- This 5-day intensive certification training course uses a mix of interactive techniques to ensure maximum understanding, comprehension and retention of the information presented. This includes evaluation of case studies of Oil & Gas case sector and petrochemical industry using the latest techniques, brief presentations by the consultant, group exercises and discussion followed by participants' presentations of the results.
- At the end of each day, participants have an opportunity for a one-to-one session with the training course instructor to develop their understanding further and will be provided with training course notes and examples in both hard and soft copy.

## ORGANISATIONAL IMPACT

- This certification training course is of direct relevance to the Oil & Gas sector & petrochemical industry and as a result, the organizations will benefit greatly from their employees' participation.

### The organization will gain from:

- More effective finance support for front-line departments
- Greater relevance and reliability of financial and management information
- More strategic thinking and focus on performance
- More effective use of financial statements of the company, its co-ventures and its competitors
- The ability of Finance Managers and staff to work with less supervision
- Preparation of staff for increased responsibility

## PERSONAL IMPACT

### This Certification training course will be of personal benefit to delegates by providing them with:

- Better understanding of the context and importance of the work you do
- Greater awareness of industry practices, problems and solutions
- Increased understanding and assurance to complete tasks successfully
- Increased self-confidence and motivation at work
- Greater job satisfaction in providing quality support to management
- Greater ability to supervise, develop and motivate colleagues

## WHO SHOULD ATTEND?

- Corporate Accountants, Financial Controllers, Treasury Officers, Management Accountants
- Finance Staff in General Accounting, Payables, Receivables, Inventory, Fixed Assets, etc.
- Joint Venture Accountants and Auditors
- External, Financial and Internal Auditors
- Government Regulators and Auditors
- Financial and Investment Analysts

## Course Outline

### Overview of Accounting & Financial Essential in Oil & Gas Sector and Petrochemical Industry

- Latest Events in the Oil & Gas Sector - price volatility and supply & demand changes
- The Nature of the Petrochemical Industries
- Managing the Macro-economic Factors, e.g. interest rates, exchange rates, oil prices
- Resources & Reserves

### Major Accounting Issues in the Oil & Gas Sector and Petrochemical Industry

- Revenue Recognition
- Costs in Acquisition, Exploration, Development and Production of New Oil or Natural Gas Reserves
- Break Even Oil, Cost Oil & Profit Oil
- Accounting Approaches - The "Successful Efforts" (SE) Method or the "Full Cost" (FC) Method
- IFRS in Relation to the Oil & Gas Sector and Petrochemical Industry

### Financial Management in the Oil & Gas Sector and Petrochemical Industry

- Oil and Gas Company Financial
- Financial Statement Analysis in the Oil & Gas Sector and Petrochemical Industry
- Profit and Loss Account (income statement)
- Balance Sheet
- Cashflow Statement and Its Importance
- Measurement of Operating Performance
- Measures of Financial Performance and Financial Position
- Risk Measurement
- Limitations of Ratio Analysis
- Annual Reports Analysis

### Financial Structure Costing and Decision-Making Financial Structure

- Cost of Debt
- Cost of Equity
- Weighted Average Cost of Capital (WACC)
- Optimal Capital Structure

## Costing

- Fixed Costs, Variable Costs, and Overheads
- Overhead Allocation, Absorption and the Use of Activity Based Costing (ABC)
- Expenses vs. Inventory (stock valuation)
- Contribution Compared with Profit

## Decision-Making

- Make vs. Buy Decisions
- Shut-down or Contribution Decisions
- Product Mix Decisions and Limiting Factors
- Decisions Trees

## Capital Budgeting & Financial Ratio Analysis

### Capital Budgeting

- Capital Rationing
- Ranking Investment Projects
- Inflation and Investment
- Using Expected Values and Standard Deviations to Make Decisions
- Purposes of Budgeting
- The Budget Process
- Activity based Budgeting
- Uncertainty and Risk – worst and best outcomes
- Maximin and Minimax Regret Rules
- Financial Ratio Analysis
- Types of Ratios
- Dupont Analysis – Evaluating and Improving Return on Equity (ROE)
- Evaluation of Share Price and Investment Performance
- Evaluating the Financial Performance of Leading International Companies in the Sector

### Valuation of Oil & Gas Company and Petrochemical Industry

- Types of Valuation Methods
- Payback
- Net Present Value
- Internal Rate of Return
- Discounted Payback

### Working Capital Management and Cash Improvement

- Working Capital and Working Capital Requirement
- Managing Working Capital
- Cash Improvement Techniques
- Cash Management and the Banking Facilities

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