



# Finance Principles For Non-Finance Oil & Gas Successful Professionals

# Course Description:

This course is aimed at professionals from all areas of business who require a better understanding of how finance works. The course offers insights into the main factors that are essential to the successful financial management of oil and gas corporations. In an uncertain economic environment managers need to be aware of the power and importance of key stakeholders – shareholders, bankers, customers and suppliers. Managers need to efficiently allocate resources, whilst recognizing environmental and ethical concerns, controlling risks, and effectively communicating strategy and performance. This course provides professionals from non-finance backgrounds with a fundamental grasp of the important principles of finance. This gives them the confidence to work alongside financial experts, make informed choices and fully participate in the management process. Financial skills and knowledge are vital for all managers in all organizations. A more challenging business and economic climate and an increase in financial delegation is making this even more so. Many senior professionals miss formal training in finance and often feel uncomfortable when discussing financial matters with their peers and financial professionals. This interactive and engaging course addresses these important issues for established managers and give learning for young professionals early in their careers.

# The Training course will highlight:

- The course introduces crucial theory but primarily focuses on real life problems and applications to build practical understanding and use of this essential subject key areas covered in this course include:
- Reading, interpreting and using financial statements (internal and external)
- Improving business cases and decision making
- Costing and presenting plans and proposals
- Working more effectively with budgets
- Delivering improved financial performance, profit & cash flow
- The relevance & importance of accounting & finance to the success of your business
- The unique features of oil & gas accounting that impact on reporting & decision making
- Budgeting and costing techniques & how to apply them
- The techniques available to determine the most profitable & worthwhile investments for your business
- Effective ways to control the financial risks of your business

# Course outline

## **An Introduction to Financial Accounts**

- Accounting terminology
- Income statement, balance sheet, cash flow
- Accrual basis accounting
- Published report and accounts
- Oil & gas accounting issues
- The cash conversion cycle
- Working capital management

## **The Key Elements of Oil and Gas Reporting**

- The major differences between US GAAP and IFRS reporting
- The treatment of exploration and evaluation costs – successful efforts or full cost
- Recognition and valuation of oil and gas assets – tangible and intangible
- Revenue recognition – upstream, midstream and downstream
- Financial analysis techniques – common sizing and ratio analysis
- Analysis and interpretation of oil and gas company reports

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## **Financial Analysis and Costing**

- Profitability and gearing ratios
- Financial & non-financial analysis
- The balance scorecard
- Analysis of oil & gas companies
- Understanding and working with costs in oil & gas
- Plan for cost reduction and profit improvement
- Fixed and variable costs

## **Budgeting, Forecasting and Investment Appraisal**

- The budgeting process – the role of budgeting
- Building a budget and managing a budget
- Better forecasts and forecasting
- Variance analysis
- Capital budgeting
- Weighted average cost of capital
- Present value & internal rate of return

## **Cost of Capital and Investment Appraisal**

- Why you need to know your cost of capital
- The cost of equity, cost of debt, and weighted average cost of capital (WACC)
- Identifying new investment opportunities for your oil and gas business
- Basic investment appraisal techniques – ARR and Payback
- Discounted investment appraisal techniques, NPV and IRR
- Capital rationing decisions using the profitability index and Excel solver

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## **Financial Risk Management**

- The main types of risk and principles for risk management
- New investment risk in oil and gas operations
- Financing risk
- Interest rate risk
- Foreign currency risk
- The corporate governance requirements for effective risk management