

# FINANCIAL PLANNING AND BUDGETING IN OIL AND GAS COMPANIES

## MAC007

### COURSE OVERVIEW

This is an intensive, practical workshop designed to eliminate the "mystery" from the financial side of the participant's business, through the enhancement of the participant's Knowledge, Abilities and Skills necessary to understand finance and accounting issues needed for his position and to incorporate financial decisions and issues into his operating decision.

The workshop begins with an overview of petroleum accounting principles and concludes with a discussion of budgeting and capital allocation. Using Oil and gas industry examples and exercises, the participants will learn how financial structure determines the company's cost of capital. Also, they will learn how to analyze company performance by reviewing financial statements. Participants at this five-day workshop will learn about the financial considerations of international operations including production sharing and joint operating agreements.

### COURSE GOAL

To enhance the participant's knowledge, abilities, and skills necessary to analyze cost and budget proposals to prepare the operating and revenue budgets and to use the results to increase the value of his organization.

### COURSE OBJECTIVES

By the end of the course, participants will be able to:

- Understand the difference between successful efforts and full cost accounting methods and its implications.
- Benchmark his company's financial performance against global competitors,
- Learn how to identify, measure, and manage risk and how it can affect a firm's capital structure.
- Understand the workings of capital investments and what financial resources are needed to sustain future growth.
- Gain a broad understanding of financial concepts such as NPV, IRR, WACC and ROCE and their differences.

### WHO SHOULD ATTEND

Controllers, senior finance managers, executives, and those with expertise in their own fields who need to acquire expertise in financial planning and budgeting in oil and gas companies.

### COURSE DURATION

5 Working Days

## COURSE OUTLINES

### 1. Overview of Oil and Gas Accounting

- Overview of petroleum accounting principles
- Accounting for drilling and equipment costs
- Successful efforts vs. full-cost accounting
- Depreciation, depletion and amortization and accounting for impairment of proved properties

### 2. Corporate Reporting and Analysis

- Financial statement analysis
- Performance measures and peer company analysis

### 3. Capital Structure and Sources of Funds

- Financial leverage
- Other people's money
- Debt
- Equity capital
- Carried interest and leasing
- Cost of capital
- Debt capital and equity capital

### 4. Financial Planning

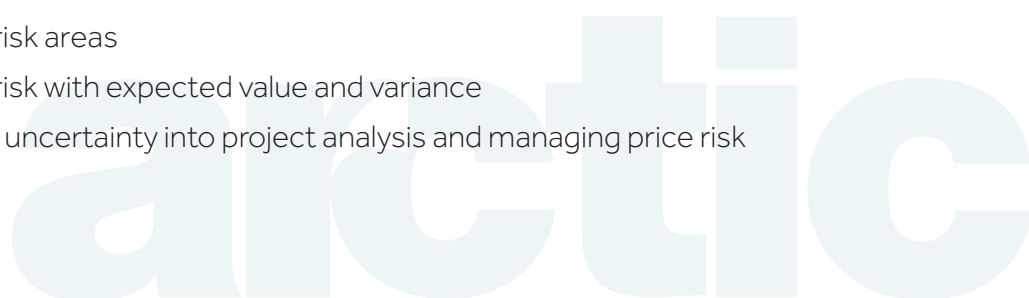
- Financial forecasting
- Percent of sales method
- Predicting discretionary financing needs

### 5. Budgeting and Capital Allocation

- Budgeting process
- Capital expenditure evaluation
- Capital allocation

### 6. Global Risk Management

- Significant risk areas
- Measuring risk with expected value and variance
- Introducing uncertainty into project analysis and managing price risk

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