
Refinery Finance Training Course: Product Costing, Joint Products and Operating Cost Control

9 – 13 May 2027
Muscat





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Programme Summary

Refinery costing and cost control is the subject of this one-week training course for refinery finance managers, controllers, planning heads and operations managers, ending in a refinery cost model for one site. Crude, utilities and conversion costs flow into many products at once, yet cost reports often hide which unit moved margin. The programme links costing, allocation, standards and reporting, applying each tool to a refinery of the participant's own. Mars Training Centre UK delivers this programme on refinery costing and cost control to mixed-organisation cohorts.

The Business Case

Refineries that cost products on a single rough basis misprice by-products, hide unit inefficiency and argue over variances that no one can explain. Those that allocate joint costs openly, set sound standards and report variances by cause can see where margin is made or lost, and which cost lies within management control, before the month-end review rather than after it.

- Cost Visibility: Improves as crude, utility and conversion costs are traced to products and units.
- Margin Understanding: Becomes clearer as variances are separated by price, usage and yield.
- Control Decisions: Strengthen as cost reports point to actions that operations can take.

Principles and Evidence Base

- IAS 2 Inventories: It sets cost measurement for inventories, including joint products and by-products, and it frames Sessions 1 and 2.
- Joint cost allocation by physical units and by net realisable value: These methods spread common costs across products, and they shape Session 2.
- Standard costing and variance analysis: They compare planned and actual cost by price, usage and yield, and they inform Session 3.
- Process costing: It accumulates cost by department across continuous production, and it supports Sessions 1 and 4.

Intended Participants

- Finance managers who prepare refinery product cost and inventory valuation.
- Controllers who review cost variances and explain them to management.
- Planning and economics heads who link cost to margin and product mix.
- Operations managers accountable for unit costs, utilities and maintenance spend.

Typical sectors include oil refining, petrochemicals, lubricants and fuel storage.



Learning Outcomes

1. Participants will be able to construct a cost centre map that traces refinery costs to units and products.
2. Participants will be able to evaluate joint and by-product allocation methods for a given product slate.
3. Participants will be able to diagnose price, usage and yield variances against standard costs.
4. Participants will be able to prioritise operating costs by control and margin impact.
5. Participants will be able to design a margin bridge and cost report for refinery leadership.
6. Participants will be able to justify a refinery cost model to a board.

Programme Structure

Day 1: Refinery Cost Structure and Inventory Principles

What costs does a refinery incur, and how are crude and products measured at cost?

- IAS 2 Inventories Cost Measurement Review
- Refinery Cost Centre Map
- Crude Cost Build-Up Sheet
- Process Costing Flow Diagram
- Cost Behaviour Classification Table

Day 2: Joint Products and By-Products Diagnosis

How do joint and by-product costs arise, and which allocation basis suits them?

- Split-Off Point Identification Chart
- Physical Units Allocation Method
- Net Realisable Value Allocation Method
- By-Product Credit Treatment Note
- Allocation Sensitivity Table

Day 3: Standard Costs and Variance Design

How are standard costs set, and how are variances separated and explained?

- Standard Cost Card Template
- Yield and Throughput Variance Model
- Price and Usage Variance Schedule
- Utilities and Maintenance Cost Standards
- Variance Investigation Rule Set



Day 4: Margin Analysis and Cost Reporting

How are cost results turned into margin analysis that teams can act on?

- Refinery Margin Bridge
- Product Profitability Statement
- Operating Cost Control Dashboard
- Management Cost Report Layout
- Cost Review Meeting Agenda

Day 5: Applying the Tools to One Refinery Cost Model

Do costing, allocation, standards and reporting tools hold together?

- Applying the Session 1 Cost Centre Map
- Using the Session 2 Allocation Basis
- Testing the Session 3 Standards
- Checking the Session 4 Report
- Completing the Refinery Cost Model

Methodology

The programme uses a case analysis method built on anonymised refinery cost ledgers, yield tables, utility records and variance reports from fuels, petrochemical and lubricant sites. Participants work in peer groups on a cost model of their own, challenge one another's allocation choices and receive written facilitator feedback on each exercise.

- Suggested activity: Allocating one joint cost two ways and comparing the effect on product margin.
- Suggested activity: Splitting a monthly variance into price, usage and yield and ranking the causes.
- Suggested activity: Rewriting a cost report so that each line points to an action.

Capstone Output

Each participant completes a refinery cost model for one site. It holds a cost centre map, an allocation basis note, a standard cost card, a variance schedule, a margin bridge and a management cost report. The model is used at work to brief finance and operations leaders and guide the next cost review.

Frequently Asked Questions

Is training in refinery costing and cost control suitable for finance staff new to refining?

Yes. Refinery costing and cost control assumes experience of cost or management accounting and builds the refining context from the cost centre map.



Which standard does refinery costing and cost control rest on?

Refinery costing and cost control rests on IAS 2 Inventories, together with joint cost allocation, standard costing and process costing methods.

How is the model from refinery costing and cost control used at work?

You use the refinery cost model to brief leaders and guide the next cost review of your own site.

How does refinery costing and cost control differ from petroleum accounting for upstream joint ventures?

Refinery costing and cost control centres on product costs, yields and variances in processing plants, while upstream petroleum accounting centres on cost recovery and partner billing.