

Accounting writing assignment



Chevron is of interest to me because of their core mission to provide the energy necessary for human progress. Due to its global presence, Chevron is a major contributor to the world economy, which is growing more energy reliant each day. Chevron began back in 1879 when a group of dedicated explorers in San Francisco founded the Pacific Coast Oil Corporation (Chevron). Over the years, the company's growth saw it merge with the Iowa Standard creating a new entity Standard Oil Co. in California. In 1993, Chevron established itself as a global force by being the first major Western Oil company to enter the recently independent Kazakhstan (Chevron). Another merger completed in 1985 saw the name change to Chevron. From 2002 to 2007 Chevron invested an estimated \$72 billion to bring improved energy supplies to market. The company adopted name Chevron Corporation in 2005, and later acquired Unocal Corp. (Chevron) enhancing its position as the World's leader in energy provision. Chevron has over the years demonstrated expertise in deep-water oil exploration. Sales and additional operating revenues decreased from 2012's \$230590 million to \$220156 million. Net income profits declined by 18.2% in 2013 from 2012's \$ 26, 179 million to \$21, 423 million. Their dividends per share were \$3.90 million, and each share attracted a \$1 return. Total assets rose to \$253753 million in 2013 from 2012's \$232982 million, followed by a subsequent rise in total liabilities from \$95150 million to \$103326 million. Chevron's total stockholders' equity rose in 2013 to \$ 149113 from 2012's \$ 136524 million (Chevron).

The Board of Directors of Chevron comprises of an Audit Committee who are not under employment with the firm. This committee has regular meeting with the Management and auditors, both internal and external auditors to

ensure conformity with the internal controls and the International Financial Reporting matters. Chevron's operations have been affected by the altering economic, regulatory and Political environments in the various geographical areas of operations. Some governments have from time to time tried to renegotiate terms of contracts which has led to significant additional costs to the company. Management keenly follows developments in the money markets, the global economic trends and their impact on the enterprise's fluctuations in oil and Natural gases.

In the last quarter of 2011, a development well in the Frade field off the coast of Brazil caused an unforeseen pressure spike resulting in a migration of about 2400 barrels of oil. This seep was contained in four days, and the well was abandoned. The extent of the Company's exposure due to this incident is not currently determinable, but it could be a material cost in any future financial period. Chevron's worldwide environmental spending also rose in the period ended 2014. Chevrons total refined production fell by 2% from 2012 averaging 1. 53 million barrels daily reflecting lower gasoline, kerosene and gas oil prices. Due to higher employee remuneration, sourcing for professional services, construction and maintenance expenses were \$720 million, \$500 million and 590 million respectively. There was a gradual increase in the Operating, Selling, General and administrative costs in the period between 2012 and 2013.

Taxes rose in the same period mainly due to the consolidation of Petroleum Refining Company where Chevron has a 64% ownership and more consumer excise taxes in the United States. Chevron has had a bad year as evidenced by the decrease in revenues and a spike in management and risk mitigation expenses. The management is, however, optimistic about Chevron's

Performance in the coming financial periods due to a greater management involvement in the risk mitigation measures. PricewaterhouseCoopers LLP audited Chevron's 2013 annual report, which has certified that the internal controls have been efficient, and the statements have been qualified.

Chevron is an organization I would invest in currently and in the future as their returns per share are bound to improve.

Works Cited

Chevron Corporation. 2013 Annual Report. Chevron Corporation 2013 Annual Report, 2014.

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