

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st December 1998

Registered number: 548680



**SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998**

The directors have pleasure in submitting their annual report together with the accounts of the Company for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company's principal activities during the year were the provision of logging, testing, drilling, drilling fluid, cementing, pumping, stimulation, software, data management interpretation and information technology services to the oil industry. In addition the company provides support services for the UK continental shelf operations of associated companies.

REVIEW OF THE BUSINESS

The company showed a 4.5% increase in revenue but a fall in pre-tax earnings of £1.9 million. The effects of falling oil prices and the general downturn in the oil industry impacted the company's results during 1998. In particular, GeoQuest and GeoQuest Reservoir Technology divisions experienced difficult business conditions throughout the year and GeoQuest had significantly reduced revenue towards the end of 1998 compared to the same period in 1997. The associated reduction in profits was partly offset by increased margins in the support services activity.

RESULT AND DIVIDENDS

The profit on the year's trading, amounts transferred to reserves and the financial position of the Company are shown in the annexed accounts. The Directors do not propose a dividend (1997: zero).

**SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED**
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

DIRECTORS

The following were directors of the Company during the year and at the date of this report:

B Biggs	(resigned 31/12/98)
A Goldby	
C Sawdon	(resigned 1/3/99)
G Smith	(resigned 1/3/99)
A Simpson	(resigned 1/3/99)
N Brown	(resigned 1/5/98)
H Mursell	(appointed 1/5/98, resigned 25/5/99)
D Radcliffe	(resigned 1/3/99)
J Thompson	(resigned 12/6/98)
G Ballard	(resigned 1/4/98)
W Hoogerbrugge	(resigned 11/5/98)
K Massie	(resigned 1/3/99)
K Forbes	(appointed 8/4/98, resigned 1/10/99)
R F McChesney	(appointed 1/3/99)
A Plumptre	(appointed 26/5/99)
M Mannering	(appointed 1/10/99)

No director had an interest in the shares of the Company or any other group company such as requires notification to the Company under Section 324 of the Companies Act 1985.

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

No political contributions were made during the year. Charitable donations amounting to £88,213 (1997: £29,619) were made during the year.

POLICY FOR EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy to give full and fair consideration to suitable applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions in the Company.

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

EMPLOYEE PARTICIPATION

Employees are systematically provided with information on matters of concern to them as employees. Employees are further encouraged to be involved in the Company's performance by being eligible to purchase stock of the ultimate parent company, Schlumberger Limited, at a discounted rate through an annual savings scheme.

PAYMENTS TO SUPPLIERS

The Company agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms providing the supplier meets its obligations. The Company had 6 days purchases outstanding as at 31 December 1998 based on the average daily amount invoiced by suppliers during the year.

EURO POLICY

A Euro Readiness Programme has been established throughout Schlumberger to ensure all business segments meet the euro compliance requirements. To this effect, a Euro Steering Committee has been established and, to maintain focus on the Schlumberger euro implementation program, project teams have been set up throughout the Company. Euro implementation plans cover both phases of the euro implementation. Initially these plans will ensure that, progressively through 1999, all business units of Schlumberger will be able to transact in the euro. Thereafter, the plans will ensure that during the transitional period all corporate, financial, commercial, employment and other documentation that refer to the participating currencies are converted to the euro in accordance with the regulatory requirements.

YEAR 2000 COMMENTARY

The company has conducted a review of its critical business systems and the affected systems have been replaced, updated or are due to be replaced in sufficient time for year 2000 compliance. The total cost of compliance, consisting predominantly of external invoices, is expected to be insignificant. The Directors believe there will be no significant exposure arising from year 2000 compliance of the Company's critical financial systems. To mitigate against the risk of third party systems failure to comply with year 2000, we have an evaluation process designed to monitor the year 2000 compliance status of key suppliers and customers.

DIRECTORS' RESPONSIBILITIES

Under the Companies Act 1985, the directors are required to prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year and of the profit or loss for the financial year. The directors are also responsible for ensuring that adequate accounting records are maintained.

Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts and applicable accounting standards have been followed.

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible to the Company for taking reasonable steps to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

AUDITORS

A resolution to reappoint the retiring auditors, Pricewaterhouse Coopers will be proposed at the Annual General Meeting.

By order of the Board


N Ray
Secretary

22 October 1999

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
AUDITORS' REPORT TO THE MEMBERS OF
SCHLUMBERGER EVALUATION AND PRODUCTION SERVICES (UK) LTD

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
1 Embankment Place
London
WC2N 6NN

22 October 1999

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Note</u>	<u>1998</u> £'000	<u>1997</u> £'000
TURNOVER			
Continuing Operations		120,634	114,398
Acquired Operations		-	1,074
	2	<u>120,634</u>	<u>115,472</u>
Cost of sales		<u>(63,926)</u>	<u>(61,589)</u>
GROSS PROFIT		56,708	53,883
Other operating expenses		<u>(52,268)</u>	<u>(47,723)</u>
Continuing Operations		4,440	6,182
Acquired Operations		-	(22)
OPERATING PROFIT	4	<u>4,440</u>	<u>6,160</u>
Loss on disposal of fixed assets - continuing operations		<u>(262)</u>	<u>(156)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		4,178	6,004
Interest receivable	5 a	107	152
Interest payable	5 b	<u>(1,626)</u>	<u>(1,602)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	2,659	4,554
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	<u>(2,175)</u>	<u>(2,577)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR	18	<u><u>484</u></u>	<u><u>1,977</u></u>

The notes on pages 7 to 19 form part of these accounts.

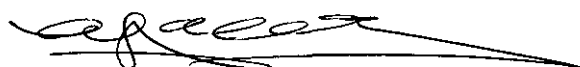
The Company has recognised no gains or losses other than those shown in the above profit and loss account.

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Intangible assets	9	12,885	13,639
Tangible assets	10	<u>18,272</u>	<u>17,603</u>
		31,157	31,242
CURRENT ASSETS			
Stocks	11	1,106	997
Debtors	12	49,189	48,377
Cash and short term investments		<u>6,751</u>	<u>6,259</u>
		57,046	55,633
CREDITORS: Amounts falling due within one year	13	(61,866)	(75,022)
NET CURRENT LIABILITIES		<u>(4,820)</u>	<u>(19,389)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,337	11,853
CREDITORS: Amounts falling due after more than one year	14	<u>(22,000)</u>	<u>(8,000)</u>
NET ASSETS		<u>4,337</u>	<u>3,853</u>
CAPITAL AND RESERVES			
Called up share capital	16	6,418	6,418
Share premium account	17	3	3
Profit and loss account	18	<u>(2,084)</u>	<u>(2,568)</u>
Equity Shareholder's Funds	19	<u>4,337</u>	<u>3,853</u>

The notes on pages 7 to 19 form part of these accounts.

Approved by the directors on 22 October 1999



A Goldby
Director

1. ACCOUNTING POLICIES

1) Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2) Basis of accounts

The Company is exempt from preparing and delivering group accounts under section 228 of the Companies Act 1985. The financial information is presented about the company as an individual and not about its group.

3) Turnover

Turnover represents the sales value of goods and services supplied to external customers, excluding value added taxes.

4) Research and development

Research and development expenditure is written off in the year in which it is incurred.

5) Leases

Finance and operating leases

Where the Company is a lessee under finance leases (including hire purchase contracts), the leased assets are capitalised and included in tangible fixed assets and the corresponding liability to the lessor is included in creditors. Finance charges payable are recognised over the periods of the leases, based on the interest rates implicit in the leases. Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases.

All other leases are classified as operating leases and, where the Company is the lessor, are included in tangible fixed assets. Rentals payable and receivable under operating leases are accounted for on the straight line basis over the periods of the leases and are included in 'expenses' and 'operating income' respectively.

Property leases

The rents payable under the property leases are spread on a straight-line basis over the lease term or, if shorter than the full lease term, over the period to the first review date.

6) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998 (continued)

1. ACCOUNTING POLICIES (continued)

7) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the expected useful lives of each category of tangible fixed assets at the following rates:

Freehold buildings	10-20 years
Leasehold buildings	50 years or the life of the lease if shorter
Plant and machinery	3-5 years
Fixtures, fittings, tools and equipment	2-10 years
Freehold land is not depreciated.	

8) Intangible fixed assets

Goodwill, representing the excess of the purchase consideration over the fair value of the net separable assets acquired, is capitalised and amortised over 20 years.

9) Deferred taxation

Deferred taxation is provided according to the liability method on all timing differences, including those relating to pensions, to the extent that there is a reasonable probability that a liability will crystallise in the foreseeable future.

10) Pensions

Contributions to pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company in accordance with Statement of Standard Accounting Practice 24.

11) Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

12) Related Party Disclosures

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures" paragraph 3(c).

13) Cash flow statement

The Group has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement.

2. TURNOVER

Turnover represents the sales value of goods and services supplied to customers, excluding value added tax. The analysis of the destination of sales by geographical area is as follows:

	<u>1998</u>	<u>1997</u>
	£'000	£'000
United Kingdom	<u>120,634</u>	<u>115,472</u>

In the opinion of the directors there is only one class of business.

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year was as follows:

	<u>1998</u>	<u>1997</u>
Direct labour	552	653
Selling, marketing and distribution	97	78
Administration	<u>281</u>	<u>320</u>
	<u>930</u>	<u>1,051</u>

The aggregate payroll costs were as follows:

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Wages and salaries	43,707	41,035
Social security costs	3,248	2,724
Pension costs	<u>1,286</u>	<u>1,833</u>
	<u>48,241</u>	<u>45,592</u>

4. ANALYSIS OF OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Turnover	120,634	115,472
Cost of sales	<u>(63,926)</u>	<u>(61,589)</u>
Gross profit	56,708	53,883
<u>Other operating expenses</u>		
Administrative expenses	(49,477)	(45,822)
Selling, marketing and distribution costs	<u>(2,791)</u>	<u>(1,901)</u>
OPERATING PROFIT	<u>4,440</u>	<u>6,160</u>

5 a). INTEREST RECEIVABLE

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Interest on bank balances and short term investments	<u>107</u>	<u>152</u>

5 b). INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Interest on bank overdrafts and loans repayable within 5 years	<u>1,626</u>	<u>1,602</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following items:

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Depreciation	6,011	3,708
Amortisation of Goodwill	755	620
Auditors' remuneration		
- audit	33	43
- non-audit	22	20
Operating lease rentals:		
- plant and machinery	1,535	794
- other assets	177	270
Profit on foreign exchange	<u>(91)</u>	<u>(168)</u>

7. DIRECTORS' EMOLUMENTS

The total emoluments of the directors, excluding pension contributions, amounted to £750,295 (1997: £684,531). The emoluments of the highest paid director, excluding pension contributions, amounted to £138,350 (1997: £96,369)

The directors are members of the UK Pension scheme, which includes a defined benefit and a defined contribution scheme.

The total pension contributions of the directors amounted to £23,484 (1997: £48,491). The pension contributions of the highest paid director amounted to £5,238 (1997: £7,670).

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) based on the profit for the year as adjusted for taxation purposes may be analysed as follows:

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
<u>Current year</u>		
United Kingdom corporation tax at 31 % (1997: 31.5%)	1,765	2,975
Deferred tax (Note 15)	-	(398)
	<u>1,765</u>	<u>2,577</u>
<u>Prior years</u>		
United Kingdom corporation tax	410	-
	<u>2,175</u>	<u>2,577</u>

9. INTANGIBLE FIXED ASSETS - GOODWILL

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
<u>Cost</u>		
Balance at 1 January	14,259	10,839
Additions:		
- Oilphase Sampling Services Limited	-	3,420
	<u>14,259</u>	<u>14,259</u>
<u>Amortisation</u>		
Balance at 1 January	620	-
Charge for the year	754	620
	<u>1,374</u>	<u>620</u>
Balance at 31 December	<u>12,885</u>	<u>13,639</u>
Net book amount at 31 December		

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998 (continued)

10. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
<u>Cost</u>				
Balance at 1 January 1998	16,020	11,862	15,871	43,753
Additions	973	1,837	5,308	8,118
Disposals	(1,141)	(805)	(3,694)	(5,640)
Reclassifications	-	43	(43)	(0)
Balance at 31 December 1998	<u>15,852</u>	<u>12,937</u>	<u>17,442</u>	<u>46,231</u>
<u>Depreciation</u>				
Balance at 1 January 1998	8,083	6,789	11,278	26,150
Charge for the year	1,322	1,509	3,180	6,011
Disposals	(1,022)	(411)	(2,769)	(4,202)
Balance at 31 December 1998	<u>8,383</u>	<u>7,887</u>	<u>11,689</u>	<u>27,959</u>
Net book amount at 31 December 1998	<u>7,469</u>	<u>5,050</u>	<u>5,753</u>	<u>18,272</u>
Net book amount at 31 December 1997	<u>7,937</u>	<u>5,073</u>	<u>4,593</u>	<u>17,603</u>

10. TANGIBLE FIXED ASSETS (continued)

Land and buildings may be further analysed as follows:

	Freehold land £'000	Freehold buildings £'000	Long leasehold £'000	Short leasehold £'000	Total £'000
<u>Cost</u>					
Balance at 1 January 1998	803	12,390	1,599	1,228	16,020
Additions	-	640	-	333	973
Disposals	-	(1,094)	(47)	-	(1,141)
Balance at 31 December 1998	<u>803</u>	<u>11,936</u>	<u>1,552</u>	<u>1,561</u>	<u>15,852</u>
<u>Depreciation</u>					
Balance at 1 January 1998	-	7,191	336	556	8,083
Charge for the year	-	821	183	318	1,322
Disposals	-	(973)	(49)	-	(1,022)
Balance at 31 December 1998	<u>-</u>	<u>7,039</u>	<u>470</u>	<u>874</u>	<u>8,383</u>
Net book amount at 31 December 1998	<u>803</u>	<u>4,897</u>	<u>1,082</u>	<u>687</u>	<u>7,469</u>
Net book amount at 31 December 1997	<u>803</u>	<u>5,199</u>	<u>1,263</u>	<u>672</u>	<u>7,937</u>

11. STOCKS

Stocks at the end of the year are analysed as follows:

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Raw materials	<u>1,106</u>	<u>997</u>

12. DEBTORS - amounts due within one year

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Trade debtors	13,322	14,311
Amounts owed by parent and fellow subsidiary undertakings	30,871	29,278
Deferred taxation (Note 15)	398	398
Prepayments and accrued income	2,087	2,132
Other debtors	<u>2,511</u>	<u>2,258</u>
	<u>49,189</u>	<u>48,377</u>

Included within deferred taxation above is an asset of £388,000 which relates to amounts falling due in more than one year.

13. CREDITORS - amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Bank loans and overdraft	1,786	13,463
Trade Creditors	1,123	2,613
Amounts owed to parent and fellow subsidiary undertakings	44,396	45,964
Taxation and social security	6,695	4,389
Accruals and deferred income	5,873	7,393
Other creditors	<u>1,993</u>	<u>1,200</u>
	<u>61,866</u>	<u>75,022</u>

SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998 (continued)

14. CREDITORS - amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Unsecured bank loans, part of a 5 year loan facility from May 1995	<u>22,000</u>	<u>8,000</u>

The £22.0 million unsecured bank loan at 31 December 1998 is part of a 5 year syndicated loan facility to Schlumberger plc and its subsidiaries of £150 million

15. DEFERRED TAXATION

	<u>Deferred taxation £'000</u>
Balance at 1 January 1998	(398)
Amount credited to the profit and loss account (Note 8)	<u>-</u>
Balance at 31 December 1998	<u>(398)</u>

At 31 December 1998 deferred taxation balances are represented by the following timing differences:

	<u>Asset £'000</u>	<u>1998 Total potential asset £'000</u>	<u>Asset £'000</u>	<u>1997 Total potential asset £'000</u>
Accelerated capital allowances	(517)	(1,249)	(441)	(588)
Short term timing differences	<u>119</u>	<u>119</u>	<u>43</u>	<u>43</u>
	<u>(398)</u>	<u>(1,130)</u>	<u>(398)</u>	<u>(545)</u>

16. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Authorised ordinary shares of 50p each (Number of shares 30,000,000)	<u>15,000</u>	<u>15,000</u>
Allotted and fully paid ordinary shares of 50p each at 31 December (Number of shares 12,836,000)	<u>6,418</u>	<u>6,418</u>

17. SHARE PREMIUM

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Balance at 31 December	<u>3</u>	<u>3</u>

18. RESERVES

Profit
and loss
account
£'000

The movements during
the year were as follows.

At 1 January 1998	(2,568)
Profit for the financial year	<u>484</u>
At 31 December 1998	<u>(2,084)</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Profit for the financial year being net addition to shareholder's funds	484	1,977
Opening shareholders' funds	<u>3,853</u>	<u>1,876</u>
Closing shareholders' funds	<u>4,337</u>	<u>3,853</u>

**SCHLUMBERGER EVALUATION AND
PRODUCTION SERVICES (UK) LIMITED**

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998 (continued)

20. PENSION COSTS

The Company participates in a group pension scheme which provides defined benefits based on final pensionable pay and benefits derived from defined contributions. The assets of the scheme are held in separate trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of biennial valuations. Particulars of the most recent actuarial valuation of the scheme at 1st April 1997 are contained in the accounts of Schlumberger plc.

The pension charge for the Company for the year was £1,286,000 (1997: £1,831,000). The shortfall of the amount funded over the accumulated pension cost of £820,000 (1997: £122,000 excess) is included within creditors.

21. LEASING COMMITMENTS

			<u>1998</u>	<u>1997</u>
	<u>Land and</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
	<u>buildings</u>	<u>leases</u>		
	£'000	£'000	£'000	£'000
<u>Operating leases</u>				
Amounts payable in the next year	<u>2,447</u>	<u>315</u>	<u>2,762</u>	<u>5,247</u>
Representing commitments expiring:				
Within one year	1,043	315	1,358	1,426
Between two and five years	1,357	-	1,357	3,254
In more than five years	<u>47</u>	<u>-</u>	<u>47</u>	<u>567</u>
	<u>2,447</u>	<u>315</u>	<u>2,762</u>	<u>5,247</u>

22. CONTINGENT LIABILITIES

Contingent liabilities of the Company not provided for in these accounts relate to bank guarantees and performance bonds in the normal course of business and are as follows:

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Performance guarantees	-	198
VAT Duty / Deferment guarantees	<u>798</u>	<u>500</u>

23. ULTIMATE PARENT COMPANY

Schlumberger plc, a company registered in England, is the parent undertaking of the smallest group of undertakings of which Schlumberger Evaluation and Production Services (UK) Limited is a member and for which Group accounts are drawn up.

Schlumberger Limited, a company incorporated in the Netherlands Antilles, is the ultimate parent company.

Copies of the accounts of Schlumberger plc can be obtained from 1 Kingsway, London WC2B 6XH and Schlumberger Limited from 277 Park Avenue, New York, NY 10172-0266, U.S.A.