

V.I.P.S. (Vector International Processing Systems) Limited

(Registered Number: 2824277)

**Directors' report and financial
statements**

Year ended 31 December 2008

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V.I.P.S. (Vector International Processing Systems) Limited

Directors' Report for the Year Ended 31 December 2008

The directors submit their annual report together with the audited financial statements of V.I.P.S. (Vector International Processing Systems) Limited (the "Company") for the year ended 31 December 2008.

Principal activity

The principal activity of the Company is consultancy services. The Company is incorporated in England and is limited by shares.

Review of the business

The Company continued to operate according to its principal activity.

Results and dividends

The Company recorded a profit before taxation of £710,000 for the year ended 31 December 2008 (2007: £1,268,000), which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2007: £nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Schlumberger plc group and are not managed separately. The principal risks and uncertainties of the Schlumberger plc group, which include those of the Company, are discussed in the Directors' report in the financial statements of Schlumberger plc which does not form part of this report.

Key performance indicators

Given the current status of business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Future outlook

The Company is in a position to take advantage of any favourable opportunities which may arise in the future.

Directors

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

A Goldby
N Ray (resigned 1 May 2009)
P Droy (appointed 1 May 2009)
S Smoker (appointed 9 October 2008)
R Martin (appointed 9 October 2008)

Payments to suppliers

The Company agrees terms and conditions for its business transactions with suppliers, both third party and affiliated companies. Payment is made on these terms providing the supplier meets its obligations. The Company had 1 day purchases outstanding as at 31 December 2008 (2007: 20 days) based on the average daily amount invoiced by suppliers during the year

V.I.P.S. (Vector International Processing Systems) Limited

Directors' Report for the Year Ended 31 December 2008 (continued)

Disclosure of information to independent auditors

Each of the persons, who is a director at the date of approval of this report, confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



S Smoker

Director

6 August 2009

Independent Auditors' Report to the Members of V.I.P.S. (Vector International Processing Systems) Limited

We have audited the financial statements of V.I.P.S. (Vector International Processing Systems) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
6 August 2009

V.I.P.S. (Vector International Processing Systems) Limited

Profit and Loss Account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000 Restated *
Turnover	2	2,401	1,211
Cost of sales		(2,025)	(1,364)
Gross profit/(loss)		376	(153)
Other operating income		469	70
Operating expenses		(134)	(382)
Operating profit/(loss)		711	(465)
Gain on disposal of intangible asset	3	-	1,740
Interest receivable and similar income	6	4	4
Interest payable and similar charges	7	(5)	(11)
Profit on ordinary activities before taxation	3	710	1,268
Tax (charge)/credit on profit on ordinary activities	8	(210)	155
Profit for the financial year	16	500	1,423

The Company has no recognised gains or losses other than those shown above; therefore no separate statement of total recognised gains and losses has been presented.

All results for the year ended 31 December 2008 are derived entirely from continuing operations.

There is no difference between profit on ordinary activities before taxation or retained profit for the year and their historic cost equivalents.

The notes on pages 6 to 14 form part of these financial statements.

* Certain comparative figures have been restated. See Note 1.

V.I.P.S. (Vector International Processing Systems) Limited

Balance Sheet as at 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Tangible fixed assets	9	144	155
Current assets			
Debtors	10	3,184	1,888
Cash at bank and in hand		-	112
			2,000
Creditors: amounts falling due within one year	11	(1,142)	(469)
Net current assets		2,042	1,531
Net assets		2,186	1,686
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	15	2,186	1,686
Equity shareholder's funds	16	2,186	1,686

The notes on pages 6 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors on 6 August 2009, and were signed on its behalf by:



S Smoker
Director

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The comparative figures for the cost of sales, other operating income and operating expenses have been restated to conform to the current year presentation. These reclassifications had a nil impact on the results for the year ended 31 December 2007. The effects are as follows:

	2007 (as previously reported) £'000	Adjustment £'000	2007 (as restated) £'000
Cost of sales	(80)	(1,284)	(1,364)
Other operating income	-	70	70
Operating expenses	(1,596)	1214	(382)
	(1,676)	-	(1,676)

Turnover

Turnover represents the amounts, excluding value added tax and discounts, derived from the provision of goods and services to customers, including, where appropriate, installation during the period. Income is recognised upon the despatch of goods or the completion of services.

Government grants

Grants are recognised and credited to the profit and loss account over the same period as the expense to which they relate.

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is regarded as more likely than not that there will be suitable taxable profits to recover them against in the future.

Foreign currencies

Profit and loss account transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

1 Accounting policies (continued)

Leases

All leases which do not entail taking substantially all the risks and rewards of ownership of an asset are accounted for as 'operating leases' and the rentals are charged to the profit and loss account on a straight line basis over the life of the lease. The Company does not have any leases which take substantially all the risks and rewards of ownership of an asset.

Research and engineering expenditure

Expenditure on research and engineering is written off against profits in the year in which it is incurred.

Fixed assets and depreciation

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:

Long leasehold improvements	50 years or the life of the lease if shorter
Plant and machinery	3-5 years
Fixtures, fittings, tools and equipment	2-10 years
Computer and office equipment	2-3 years

Impairment review

The carrying values of tangible fixed assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of tangible fixed assets and intangible assets below depreciated historical cost is charged to the profit and loss account.

An impairment is determined by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of net realisable value or value in use. Value in use is calculated using the present value of future cash flows discounted at an appropriate rate.

Related Party Disclosures

The Company has taken advantage of the exemption available under paragraph 3(c) of FRS8, "Related Party Disclosures", on the grounds that it is a wholly owned subsidiary of a group headed by Schlumberger plc, whose accounts are publicly available.

Cash flow statement

The Company is a wholly owned subsidiary company of a group headed by Schlumberger plc, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

1 Accounting policies (continued)

Pension contributions

The charge against profits is the amount of defined contributions payable to the pension schemes in respect of the accounting period.

The Schlumberger plc group scheme, which provides benefits on a defined benefit basis as well as a defined contribution basis, is run on a basis that does not enable individual companies within the group to identify their share of the underlying net assets and liabilities. As permitted by FRS 17, the Company therefore accounts for all of the scheme as a defined contribution scheme.

Financial instruments

The Company has adopted FRS26 and FRS29 effective 1 January 2008 and has taken advantage of the exemption contained in FRS 29 "Financial Instruments: Disclosures". Accordingly the Company has not presented any disclosures required by that standard, as full FRS 29 disclosures are available in the financial statements of Schlumberger plc for the year ended 31 December 2008.

The carrying amount of financial assets and liabilities approximate their fair values in the financial statements.

2 Turnover

The turnover for the period was entirely attributable to the company's single principal activity and originates in the UK. Sales were made into the following geographic markets:

	2008 £'000	2007 £'000
By geographical market		
UK	1,471	176
Rest of Europe	183	562
Americas	337	164
Asia	239	288
Other	171	21
	2,401	1,211

The Company has taken advantage of the exemption in SSAP25 "Segmental reporting" to disclose only the requirements set out in the Companies Act 1985.

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

3 Profit on ordinary activities before taxation

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

	2008 £'000	2007 £'000
Auditor's remuneration:		
- Audit fees	14	15
Depreciation on tangible fixed assets (Note 9)	19	69
Amortisation of intangible asset - intellectual property	-	3
Impairment of intangible asset - intellectual property	-	54
Gain on sale of intangible asset - intellectual property	-	(1,740)
(Loss)/profit on sale of tangible fixed assets	(1)	1
Operating lease charge	98	41
Exchange (gains)/losses	(360)	58
Government grants	(107)	(70)

4 Directors' emoluments

None of the directors in office during the year were remunerated by the Company for their services as directors (2007: £nil).

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
In connection with software development, distribution and consultancy	15	9

Staff costs for persons employed by the Company (including directors) during the year, analysed by type, were as follows:

	2008 £'000	2007 £'000
Wages and salaries	1,299	798
Social security costs	119	50
Pension costs	178	99
	1,596	947

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	3	4
Other interest receivable	1	-
	<u>4</u>	<u>4</u>

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank interest payable	-	4
Other interest payable	5	7
	<u>5</u>	<u>11</u>

8 Taxation

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

	2008 £'000	2007 £'000
Current tax		
Corporation tax at 28.5% (2007: 30%)	209	(119)
Prior period adjustment	8	-
Total corporation tax charge/(credit)	<u>217</u>	<u>(119)</u>
Deferred tax		
Origination and reversal of timing differences (note 12)	(6)	(9)
Prior period adjustment (note 12)	(1)	(27)
Total deferred tax credit	<u>(7)</u>	<u>(36)</u>
Tax charge/(credit) on profit on ordinary activities	<u>210</u>	<u>(155)</u>

The current year tax assessed for the year differs from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	710	1,268
Tax charge/(credit) on profit before tax at standard rate of 28.5% (2007: 30%)	202	380
Gain on sale of intellectual property (non-taxable)	-	(522)
Other timing differences	6	(9)
Permanent differences	1	-
Losses not available for group relief	-	32
Prior period adjustment	8	-
	<u>217</u>	<u>(119)</u>

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

9 Tangible fixed assets

	Leasehold long	Fixtures and equipment	Plant and machinery	Computer and office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 January 2008	58	158	23	159	398
Additions	-	3	-	18	21
Disposals	(14)	-	-	-	(14)
Reclassification	-	-	(12)	12	-
As at 31 December 2008	44	161	11	189	405
Depreciation					
As at 1 January 2008	6	83	23	131	243
Charge for the year	1	5	-	13	19
Disposals	(1)	-	-	-	(1)
Reclassification	-	-	(12)	12	-
As at 31 December 2008	6	88	11	156	261
Net book value					
At 31 December 2008	38	73	-	33	144
At 31 December 2007	52	75	-	28	155

10 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	444	364
Other debtors	36	130
Amounts owed by Schlumberger plc group companies	80	725
Amounts owed by other Schlumberger companies	2,544	486
Prepayments and accrued income	37	28
Deferred taxation (note 12)	24	9
Taxation debtor - group relief	-	119
	3,165	1,861
Amounts falling due after more than one year:		
Deferred taxation (note 12)	19	27
	3,184	1,888

Non-trading balances and loans between Schlumberger plc group companies are repayable on demand and accrue interest at LIBOR plus 50 basis points. Trading transactions between these parties are settled within normal market terms.

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

11 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	5	77
Amounts owed to Schlumberger plc group companies	285	-
Amounts owed to other Schlumberger companies	1	-
Taxation and social security	154	-
Other creditors	3	43
Accruals and deferred income	694	349
	1,142	469

Non-trading balances and loans between Schlumberger plc group companies are repayable on demand and accrue interest at LIBOR plus 50 basis points. Trading transactions between these parties are settled within normal market terms

12 Deferred taxation

	2008 £'000	2007 £'000
Balance at 1 January	36	-
Amount credited to the profit and loss account (note 8)	6	9
Prior year adjustment (note 8)	1	27
Balance at 31 December	43	36

At 31 December 2008 the deferred taxation asset balance is represented by the following timing differences:

	2008 £'000	2007 £'000
Accelerated capital allowances	19	27
Other timing differences	24	9
	43	36

The recognition of a deferred tax asset is dependant upon future taxable profits arising in the Company.

13 Called up share capital

	2008 £'000	2007 £'000
Authorised		
1,000 Ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	-	-

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

14 Pension scheme

The Company operates a defined contribution pension scheme comprising of individual personal schemes for eligible employees.

The Company also participates in the Schlumberger plc group pension scheme which provides retirement benefits on both a defined benefit (FSB) and defined contribution (DC) basis. In the FSB section, members accrue both types of benefit while members in the DC section accrue only defined contribution benefits. The FSB section has been closed since April 1999 and new members are admitted to the DC section. The contributions are determined by a qualified actuary on the basis of valuations using the projected unit method.

Particulars of the Schlumberger plc group pension scheme are contained in the financial statements of Schlumberger plc (note 18).

The pension charge for the Company for the year was £177,809 (2007: £99,467).

15 Reserves

	Profit and loss account 2008 £'000	Profit and loss account 2007 £'000
At 1 January 2008	1,686	263
Profit for the financial year	500	1,423
At 31 December 2008	2,186	1,686

16 Reconciliation of the movement in shareholder's funds

	2008 £'000	2007 £'000
Shareholder's funds at beginning of the year	1,686	263
Profit for the financial year	500	1,423
Shareholder's funds at the end of the year	2,186	1,686

17 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2008 £'000	2007 £'000
Operating leases which expire:		
More than five years	98	98

V.I.P.S. (Vector International Processing Systems) Limited

Notes to the Financial Statements for the Year Ended 31 December 2008 (continued)

18 Ultimate parent undertaking

Schlumberger plc, a company registered in England, is the parent undertaking of the smallest group of undertakings of which V.I.P.S. (Vector International Processing Systems) Limited is a member and for which group financial statements are drawn up. Schlumberger Oilfield UK plc, a company registered in the United Kingdom, is the immediate parent undertaking.

Schlumberger Limited, a company incorporated in the Netherlands Antilles, is the ultimate parent company for which group financial statements are prepared.

Copies of the financial statements of Schlumberger plc can be obtained from 8th Floor, South Quay Plaza II, 183 Marsh Wall, London, E14 9SH and Schlumberger Limited from 5599 San Felipe, Houston, Texas 77056, U.S.A.