

Diamould Limited

Registered Number 03797278

Annual Report and Financial Statements

Year ended 31 December 2018



Diamould Limited

Directors and advisors

Directors

J A Nicholson
Simon Walter McCloud (appointed 13th April 2018)
Simon Smoker (appointed 13th April 2018)

Secretary

Abogado Nominees Limited
A S Variu (resigned 13th April 2018)
G A Karathanos
Simon Smoker (appointed 13th April 2018)

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB

Principal Banker

Citibank
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Solicitors

Baker & McKenzie LLP
700 Louisiana Street, Suite 3000
Houston TX,
77002-2871

Registered Office

100 New Bridge Street
London
EC4V 6JA

Diamould Limited

Strategic Report for the year ended 31 December 2018

The directors present their Strategic report for the year ended 31 December 2018.

Principal activities and review of the business

The Company's principal activity is the manufacture, design and supply of integrated connectivity solutions to the oil and gas industry.

The Company continued to operate under the Schlumberger group and is fully owned by Schlumberger. During the year the Company exceeded its targets of securing new awards given an outlook of increased activity across the oil and gas sector in the coming years. New awards however didn't translate to additional turnover in the year and the company continued to operate in a depressed market. In the year operating cost weren't scaled in relation to the drop-in turnover given concerns over permanently impacting critical business operations.

The company's key financial and other performance indicators during the years were as follows:

	2018	2017	Change
	£'000	£'000	%
Turnover	7,066	10,517	-33%
Loss for the financial year	(1,693)	(1,087)	-56%
Total Shareholders' funds	18,152	19,845	-9%
Current assets as % of current liabilities ("quick ratio")	714%	556%	28%
Average number of employees (No.)	77	88	-13%

The principle driver for turnover decreasing is a sustained decline in market activity on the back of a continued reduction in wholesale oil prices. The loss posted in the year is in line with drop in turnover and challenges in aligning related operational costs without impacting critical operations long term.

Diamould Limited

Strategic Report for the year ended 31 December 2018 (continued)

Future developments

Newly secured awards for product delivery indicate a significant growth in future activity and turnover in the coming years despite a challenging oil and gas market. In June 2018, the company was awarded a contract for the supply of subsea connectors with TechnipFMC across multiple years. Additionally, the company's total awards for 2018 were double the value of turnover within the same period.

With newly secured awards in mind the directors and management team believe that the company is well placed to continue to develop in a challenging market, a return to profit is fully expected in the coming periods. Whilst the Company has seen a contraction in activity levels across all product lines and a squeezing of operating margins since the downturn in the oil and gas market, the Company is well funded and well placed to continue to operate and serve its customer base and support business growth. In addition, the Company is wholly supported by its immediate parent Schlumberger Oilfield UK PLC and as such there are no immediate funding restraints in delivering its current projects or servicing its creditors.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the OneSubsea Segment and significant commercial and operating risks are not managed separately. Accordingly, the principal risks and uncertainties of the OneSubsea Segment, which include those of the Company, are discussed in the Directors' report disclosed in the financial statements of OneSubsea UK Limited (400176), which does not form part of this report.

Management assess the internal controls at the end of each year and also as an integral part of the internal audit on an on-going basis. Policies and procedures are also in force and serve to formalise the support for required controls and the execution of on-going work practices. The Company considers health and safety as a number one priority and Group and local health forums have been established whose goals are to eliminate work related injuries, comply with regulatory requirements and improve performance. It reviews performance in these areas, collects data, shares best practices and plans for the future. This ensures consistency in performance measurement and improvement activities. Forum members also conduct safety audits to identify practices that are working well and areas for improvement. Their reporting is used to track completion of corrective actions.

Financial risk management

The Company's operations expose it to a variety of financial risks that includes foreign exchange risk, interest rate risk and credit risk. The company had significant exchange gains in the year due to material weakening of the Great British Pound (GBP) against the United States Dollar (USD). Operating expenses in the year were £942,000 (2017: £1,687,000), operating expenses contained both a foreign exchange gain of £636,000 (2017: loss £1,580,000) driven by most customer billings transacted in United States Dollar (USD) and a research and development tax credit of £457,000 (2017: £1,444,000). Excluding foreign exchange gains and losses, operating expenses were £2,157,000 (2017: £1,544,000). Operating expenses are up on the prior year due to the prior year containing a bad debt provisions credit totalling £309,000 (2018: £nil) initiated upon collection of receivables outstanding over 180 days.

The strategic report on pages 2 to 3 were approved by the Board of Directors on 26 September 2019 and signed on its behalf by J A Nicholson.

J A Nicholson
Director



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Diamould Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and audited financial statements for the year ended 31 December 2018.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

Directors

The following were directors of the Company during the year and up to the date of signing the financial statements:

J A Nicholson

A S-Variu (resigned 13th April 2018)

Simon Walter McCloud (appointed 13th April 2018)

Simon Smoker (appointed 13th April 2018)

Results and dividends

The Company's loss is £1,693,000 for the year ended 31 December 2018 (2017: loss £1,087,000). The directors do not recommend the payment of a dividend (2017: £nil).

Financial instruments

The corporate treasury policies are structured to minimise exchange losses and also to ensure efficient use of available cash to support on-going working capital and business development. The Company trades in multi-currency contracts worldwide and natural currency offsets help to minimise exchange exposure. The Company manages its exchange risk through matching, as far as possible, foreign currency manufacturing costs against foreign currency on income on related contracts.

Political contributions and charitable donations

No political or charitable donations were made during the year (2017: £nil).

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.

Employee participation

Employees are regularly provided with information on matters of concern to them as employees.

The Company also focuses on achieving a common awareness of all employees in relation to the financial and economic factors that affect the performance of the Company.

Diamould Limited

Directors' Report for the year ended 31 December 2018 (continued)

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself 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 section 418 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Diamould Limited

Directors' Report for the year ended 31 December 2018 (continued)

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.

The directors report on pages 4 to 6 were approved by the Board of Directors on 26 September 2019 and signed on its behalf by J A Nicholson.

J A Nicholson
Director



Diamould Limited

Independent auditors' report to the members of Diamould Limited

Report on the audit of the financial statements

Opinion

In our opinion, Diamould Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Diamould Limited

Independent auditors' report to the members of Diamould Limited

Report on the audit of the financial statements (Continued)

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Diamould Limited

Independent auditors' report to the members of Diamould Limited **Report on the audit of the financial statements (Continued)**

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Diamould Limited

Independent auditors' report to the members of Diamould Limited Report on the audit of the financial statements (Continued)

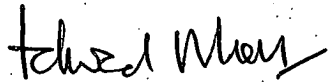
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

26 September

Diamould Limited

Income statement for the year ended 31 December 2018

		2018	2017
	Note	£'000	£'000
Turnover	2	7,066	10,517
Cost of sales		(8,761)	(9,868)
Gross (loss)/profit		(1,695)	649
Operating expenses excluding exceptional items	4	(1,106)	(1,687)
Exceptional Item	4	1,797	0
Loss before taxation	5	(1,004)	(1,038)
Tax on loss	7	(689)	(49)
Loss for the financial year		(1,693)	(1,087)

There is no difference between the loss before taxation and the loss for the financial year stated above and their historical cost equivalents (2017: same).

The notes on pages 14 to 27 form part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2018

	2018	2017
	£'000	£'000
Loss for the financial year	(1,693)	(1,087)
Total comprehensive expense for the financial year	(1,693)	(1,087)


Diamould Limited

Statement of financial position as at 31 December 2018

		2018	2017
	Note	£'000	£'000
Fixed assets			
Intangible assets	8		
Tangible assets	9	1,142	1,427
		1,142	1,427
Current assets			
Stocks	10	3,629	2,726
Debtors	11	16,175	19,669
Cash at bank and in hand		90	65
		19,894	22,460
Creditors: Amounts falling due within one year	12	(2,884)	(4,042)
Net current assets		17,010	18,418
Net assets		18,152	19,845
Capital and reserves			
Called up share capital	14	8,010	8,010
Share premium account		1,966	1,966
Profit and loss account		8,176	9,869
Total shareholders' funds		18,152	19,845

The notes on pages 14 to 27 form part of these financial statements.

These financial statements on pages 11 to 27 were approved and authorised by the board of directors on 26 September 2019, and were signed on its behalf by:



J A Nicholson
Director
Diamould Limited

Registered Number: 03797278

Diamould Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2017	8,010	1,966	10,956	20,932
Loss for the financial year	-	-	(1,087)	(1,087)
At 31 December 2017 and 1 January 2018			9,869	19,845
Loss for the financial year			(1,693)	(1,693)
31 December 2018	8,010	1,966	8,176	18,152

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

General Information

Diamould Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is 100 New Bridge Street, London, EC4V 6JA. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

Statement of Compliance

The financial statements have been prepared in compliance with United Kingdom accounting standards, including financial reporting standard 102, the finance reporting standard applicable in the United Kingdom and Republic of Ireland (FRS 102 and the companies act 2006).

Basis of preparation

These financial statements have been prepared on a going concern basis.

The financial statements are prepared in sterling (£) which is the functional currency of the company and rounded to the nearest £'000.

The following disclosure exemptions have been adopted:

- The requirement to present a statement of cash flows and related notes.
- The requirements relating to certain disclosures in respect of related party transactions.
- The requirements relating to certain disclosures in respect of key management personnel.

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2016 and applicable accounting policies, which have been applied on a consistent basis, as set out below.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Critical judgements in applying the entity's accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the company's accounting policies, other than those involving estimations provided in the paragraph below that have had a significant effect on the amounts recognised in the financial statements.

b. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

i. Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and 'tangible fixed assets' section for economic lives for each class of assets.

ii. Stock provisioning

Stock is reviewed annually, as part of the budgeted cost roll. This is based on the average purchase price and any manufacturing costs are updated in accordance with market conditions.

Slow moving stock is provided at 71% for anything older than 3 year, 39% for anything between 1-2 years, and 16% for anything between 1-2 years. Nothing is provided for the first year. These percentages take into account the cyclical nature of the industry and will be rebased every year upon assessment of the market conditions.

iii. Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Turnover and revenue recognition

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

Products and service revenue recognition is based upon purchase orders, contracts or other persuasive evidence of an arrangement with the customer that include fixed and determinable prices and that do not include right of return or other similar provisions. Revenue is recognised for products on delivery, customer acceptance and when collectability is reasonably assured.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the financial statements date. This is normally measured by the proportion that contract costs incurred for work performed to date to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (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 income statement 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.

Stocks

Stocks are valued at the lower of cost and selling price less cost to sell. Cost comprises manufacturing labour and materials, together with an appropriate share of overhead expenses.

Stocks are recognised as expense in the related period in which the revenue is recognised.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less cost to complete sale and impairment charge recognised in the profit income statement. Where a reversal of the impairment charge is recognised the impairment charge is reversed, up the original impairment loss, and recognised as a credit in the income statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Depreciation Policy

Leasehold buildings	50 years or the life of the lease if shorter this remained
Plant and machinery	3-5 years this was revised to 4-12 years
Fixtures, fittings, tools and equipment	2-10 years this was revised to 3-10 years
Computer equipment & software	3 years this remained
Assets under construction	Not depreciated

The carrying values of fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Patents

Patents are valued at cost less accumulated amortisation and accumulated impairment losses. The patents are fully amortised.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements.

These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Pensions

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

Cash at bank and in Hand

This includes cash in hand, deposits held at banks, other short term highly liquid investments with original maturity of three months or less and bank overdraft.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Foreign currencies

Income statement transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Monetary 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 income statement.

Government grants

Grants of a revenue nature are credited to income in the period to which they relate. Grants of a capital nature are credited to deferred income and released over the life of the associated asset.

2 Turnover

The analysis of the destination of sales by geographical area is as follows:

	2018	2017
	£'000	£'000
United Kingdom	1,263	2,224
Rest of Europe	1,211	2,500
Americas	1,895	2,368
Africa/Asia/Australia	2,613	3,356
Russian Federation	84	69
Total turnover	7,066	10,517

The analysis of sales by sales type is as follows:

	2018	2017
	£'000	£'000
Sales of goods	5,058	9,085
Rendering of services	2,008	1,432
Total turnover	7,066	10,517

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Staff numbers and costs

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

	2018	2017
	Number	Number
Direct labour	13	19
Selling, marketing and distribution	4	4
Administration	60	65
Total staff numbers	77	88

The aggregate payroll costs were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	4,417	4,536
Social security costs	388	485
Other pension costs (note 15)	534	389
Total staff costs	5,339	5,410

4 Operating expenses

	2018	2017
	£'000	£'000
Administrative expenses	2,157	1,544
Distribution costs	1	7
Research and development credit	(457)	(1,444)
Other (income)/expense including exchange (gain)/loss	(595)	1,580
Exceptional Item	(1,797)	0
Total net operating expenses	(691)	1,687

Factors affecting net operating expenses.

The company had significant exchange gains (2017 losses) in the year due to material weakening of Sterling (GBP) against United States Dollar (USD). Additionally, administrative expenses are up (2017 down) on prior year due to a release of bad debt provision upon collection of severely overdue customer receivables in the prior year.

Creditor accruals of £1,797,000 for expected payments in relation to tax and social security liabilities were released to the profit and loss account. This has been recorded as an exceptional item and was determined by using audited tax computations to define the closing current and deferred tax asset, as well as settling long standing payroll balances with group companies in the year.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Loss before taxation

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

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets (note 9)	287	309
Auditors' remuneration:		
- audit	43	42
Foreign exchange (gain)/loss	(636)	1,580

6 Directors' emoluments

Of the three directors in office during the year, one was remunerated by the company (2017: one). The remuneration of the other directors was borne by Cameron and Schlumberger.

The emoluments of the director amounted to £159,000 (aggregate emoluments 2017: £148,000). This included pension contributions of £12,000 (aggregate pension contributions 2017: £12,000):

Of the directors, one (2017: one) is accruing retirement benefits under a Retirement Savings Plan.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Tax on loss

The taxation charge based on the loss for the financial year as adjusted for taxation purposes is analysed as follows:

	2018	2017
	£'000	£'000
Current tax		
UK corporation tax		
Adjustment in respect of prior periods	590	109
Total current tax charge	590	109
Deferred tax		
Origination and reversal of timing differences	93	93
Adjustment in respect of prior periods	16	(142)
Effect of changes in tax rates	(10)	(11)
Total deferred tax charge/(Credit)	99	(60)
Total tax charge on loss	689	49

The tax assessed for the year is higher (2017: higher) to the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018	2017
	£'000	£'000
Loss before taxation	(1,004)	(1,038)
loss before taxation multiplied by effective standard rate of 19.00% (2017: 19.25%)	(191)	(200)
Expenses not deductible for tax purposes	23	12
Research and development credit	-	(207)
Effects of group relief	350	488
Transfer pricing adjustments	-	1
Adjustments from previous periods	517	(34)
Tax rate changes	(10)	(11)
Total tax charge on loss	689	49

Factors that may affect future tax charges

Finance Act 2016, which was substantively enacted on the 6 September 2016, includes provisions to reduce the corporation tax to 17% with effect from 1st of April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at the 31 December 2018 and 31 December 2017.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Intangible assets - Patents

	2018 £'000	2017 £'000
Cost		
At 1 January and 31 December	13	13
Accumulated amortisation		
At 1 January and 31 December	(13)	(13)
Net book value as at 31 December	-	-

9 Tangible assets

	Leasehold property	Plant and machinery	Fixtures, fittings, tools & equipment	Computer equipment & software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2018	1,953	3,447	1,176	35	6,611
Additions	-	65	-	-	65
Disposals	-	-	-	-	-
At 31 December 2018	1,953	3,512	1,176	35	6,676
Accumulated depreciation					
At 1 January 2018	(1,147)	(2,962)	(1,103)	(35)	(5,247)
Charge for the year	(114)	(150)	(23)	-	(287)
Disposals	-	-	-	-	-
At 31 December 2018	(1,261)	(3,112)	(1,126)	(35)	(5,534)
Net book value at					
31 December 2018	692	400	50	-	1,142
Net book value at					
31 December 2017	806	485	73	-	1,364

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Stocks

	2018	2017
	£'000	£'000
Raw materials	112	121
Work in progress	2,585	2,329
Finished goods	932	276
	<u>3,629</u>	<u>2,726</u>

There is no material difference between the balance sheet amount of stock and its replacement value. Inventory recognised as an expense in the year was £5,491,000 (2017: £8,923,000).

11 Debtors

	2018	2017
	£'000	£'000
Trade debtors	1,282	1,966
Allowance for doubtful debts	(40)	(40)
Amounts owed by group undertakings	13,857	15,053
Deferred taxation (note 13)	501	600
Other taxation and social security	467	2,009
Prepayments and accrued income	108	81
	<u>16,175</u>	<u>19,669</u>

Trading transactions between the company and other related party undertakings are settled within normal market terms.

12 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	443	1,327
Amounts owed to related party undertakings	1,266	1,812
Taxation and social security		
Accruals and deferred income	1,175	903
	<u>2,884</u>	<u>4,042</u>

Amounts owed to related party undertakings are unsecured, interest free and repayable on demand.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Deferred taxation

	2018	2017
	£'000	£'000
Asset as at 1 January	600	540
Profit and loss account charge in current year	(83)	(82)
Prior year adjustment	(16)	142
Asset at 31 December	501	600

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

	2018	2017
	£'000	£'000
Accelerated capital allowances	501	600
Balance at 31 December - Asset	501	600

14 Called up share capital

	2018	2017
	£'000	£'000
Authorised		
9,998,000 (2017: 9,998,000) ordinary A shares of £1 each	9,998	9,998
2,000 (2017: 2,000) ordinary B shares of £1 each	2	2
Total authorised	10,000	10,000

	2018	2017
	£'000	£'000
Allotted and fully paid		
8,009,184 (2017: 8,009,184) ordinary A shares of £1 each	8,009	8,009
528 (2017: 528) ordinary B shares of £1 each	1	1
Total allotted and fully paid	8,010	8,010

Ordinary A Shares and Ordinary B Shares issued by the Company rank pari passu for all purposes.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Pension commitments

The Company participates in a defined contribution pension scheme, the costs of which are recognised in the income statement in the year in which they become payable. Pension contributions were £534,000 for 2018 (2017: £389,000). At the end of the year, contributions of £nil (2017: £nil) were outstanding.

16 Leasing commitments

At 31 December the company had total payable under operating leases as set out below:

	2018 £'000	2017 £'000
Within one year	142	111
Between two and four years	461	332
Over five years	276	276
Total operating commitments	879	719

All leasing commitments relate to land and buildings.

The company had no other financial commitments at 31 December 2018 (2017: £nil).

17 Capital Commitments

As at the 31 December 2018, the company had no capital commitments.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Related party disclosure

During the year the group entered into transactions, in the ordinary course of business, with other related parties and group undertakings. Transactions entered into, and trading balances outstanding at 31 December 2018, are as follows:

Company Name	Sales to Related Party	Purchases from Related Party	Amounts Owed from Related Party	Amounts Owed to Related party
	£'000	£'000	£'000	£'000
CAMERON FLOW CONTROL	-	24	21	-
CAMERON ITALY S.R.L	3	-	-	-
CAMERON ROMANIA S.R.L	29	-	0	-
DOWELL SCHLUMBERGER	-	-	61	-
DOWELL SCHLUMBERGER (WESTERN) S.A.	-	-	15	-
ETUDES ET PRODUCTIONS SLB	-	-	56	-
MFG FINANCIAL CENTRE	-	355	-	-
ONESUBSEA AUSTRALIA PTY LTD	42	-	-	-
ONESUBSEA B.V	-	76	-	-
ONESUBSEA UK LIMITED	52	-	187	1237
ONESUBSEA DO BRASIL FABRI	200	369	209	-
ONESUBSEA DO BRASIL SERVICOS	-	-	64	-
ONESUBSEA GMBH	378	-	36	-
ONESUBSEA LLC	47	390	319	20
ONESUBSEA LUX S.A.R.L	0	0	(82)	0
ONESUBSEA MALAYSIA SYSTEMS	54	1	6	-
ONESUBSEA OFFSHORE SYSTEMS	-	-	76	-
ONESUBSEA PROCESSING AS	191	-	301	-
ONESUBSEA SYSTEMS - LEEDS	3	-	(1)	-
ONESUBSEA SYSTEMS - CELLE	37	-	45	-
PETROLEUM EQP & SUPPLIES FZE	777	-	440	-
PETROLEUM EQUIP & SUPP N.V.	8	-	107	-
SCHLUMBERGER CHINA OFFSHORE	-	-	42	-
SCHLUMBERGER LOGELCO INC	121	-	98	-
SCHLUMBERGER MIDDLE EAST SA	-	-	2	-
SCHLUMBERGER NORGE AS	-	-	4	-
SCHLUMBERGER OILFIELD (S)	(34)	-	28	-
SCHLUMBERGER OILFIELD EQUIP	38	-	22	-
SCHLUMBERGER OVERSEAS S.A.	3	-	14	-
SCHLUMBERGER SURENCO S.A.	-	-	1	-
SCHLUMBERGER TECHNICAL SERVICES	-	-	7	-

Diamould Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Related party disclosure (continued)

Company Name	Sales to Related Party	Purchases from Related Party	Amounts Owed from Related Party	Amounts Owed to Related party
	£'000	£'000	£'000	£'000
SCHLUMBERGER TECHNOLOGY CORP	331	-	649	-
SCHLUMBERGER TRINIDAD INC	-	-	1	-
SENSA HIGHWAY LIMITED	-	-	35	-
SHTR	-	-	57	-
SCHLUMBERGER ASIA SERVICES LTD	-	-	39	-
SCHLUMBERGER CANADA LIMITED	134	-	5	-
SCHLUMBERGER OFFSHORE SERVICES	-	-	47	-
SLB RESERVOIR PRODUCTD FZE	438	-	152	-
SLB SERVICOS DE PETROLEO LTD	-	-	50	-
SLB TECHNICAL SERVICES ACCENTURE	-	-	12	-
SCHLUMBERGER OILFIELD UK PLC	475	109	10,597	9
SOUTHERN SCHLUMBERGER SA	80	-	135	-
SCHLUMBERGER TRINIDAD INC	1	-	-	-
Total	3,408	1,342	13,857	1,266

19 Ultimate parent company

The immediate parent undertaking is Schlumberger Oilfield UK PLC, a company incorporated in the United Kingdom. Schlumberger Limited, a company incorporated in Curacao, a country within the Kingdom of the Netherlands, is the parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared. The directors consider Schlumberger Limited to be the ultimate parent company and controlling party.

Copies of the financial statements of Schlumberger Limited can be obtained from 17th Floor, 5599 San Felipe, Houston, Texas, 77056, USA or on the Group's website at www.slb.com.

20 Subsequent events

There are no subsequent events to note.