

# **Diamould Limited**

Registered Number 03797278

## **Annual Report and Financial Statements**

**Year ended 31 December 2017**

THURSDAY



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COMPANIES HOUSE

# **Diamould Limited**

## **Directors and advisors**

### **Directors**

J A Nicholson  
A S Variu (resigned 13<sup>th</sup> April 2018)  
Simon Walter McCloud (appointed 13<sup>th</sup> April 2018)  
Simon Smoker (appointed 13<sup>th</sup> April 2018)

### **Secretary**

Abogado Nominees Limited  
A S Variu (resigned 13<sup>th</sup> April 2018)  
G A Karathanos  
Simon Smoker (appointed 13<sup>th</sup> 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 2017

The directors present their Strategic report for the year ended 31 December 2017.

### 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 fell short in its targets of securing new awards given continued reduction in spending across the oil and gas sector. Funding for new technology developments were particularly impacted in the year which had been a material source of turnover in prior years. Additionally, the company was not able to meet its objectives for sales of its new product line which led to short term losses, however, the outlook for this product line remains profitable long term.

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

	2017	2016	Change
	£'000	£'000	%
Turnover	10,517	14,655	-28%
(Loss)/profit for the financial year	(1,087)	2,369	-146%
Total Shareholders' funds	19,833	20,932	-5%
Current assets as % of current liabilities ("quick ratio")	1,005%	435%	159%
Average number of employees (No.)	88	117	-25%

Total turnover decreased due a decline in market activity on the back of a continued reduction in wholesale oil prices. A loss was also posted in the year. This is a significant decrease year on year due to a reduction in turnover and challenges in the profitability of a new product line given lower than anticipated manufacturing volumes. The loss in the year is further compounded by significant exchange losses recognised because of the company's operating costs being settled in Great British Pounds (GBP) and the majority of its turnover being booked in United States Dollars (USD).

## Strategic Report for the year ended 31 December 2017 (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. This award represents the biggest singular contract value for the business since 2013.

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 but anticipate losses to continue in the short term. 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 losses in the year due to material strengthening of the Great British Pound (GBP) against the United States Dollar (USD). Operating expenses in the year was £1,687,000 (2016: £47,000), operating expenses contained both a foreign exchange loss of £1,580,000 (2016: gain £1,805,000) and a research and development tax credit of £1,444,000 (2016: £nil). Excluding foreign exchange gains and losses, operating expenses were £1,544,000 (2016: £1,814,000). Operating expenses are down on prior year due to a release in bad debt provisions totalling £309,000 (2016: £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 27 July 2018 and signed on its behalf by J A Nicholson.

  
J A Nicholson  
Director  
13 August 2018

## **Directors' Report for the year ended 31 December 2017**

The directors present their report and audited financial statements for the year ended 31 December 2017.

### **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 13<sup>th</sup> April 2018)

Simon Walter McCloud (appointed 13<sup>th</sup> April 2018)

Simon Smoker (appointed 13<sup>th</sup> April 2018)

### **Results and dividends**

The Company's loss is £1,099,000 for the year ended 31 December 2017 (2016: profit £2,369,000). The directors do not recommend the payment of a dividend (2016: £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 (2016: £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.

## **Directors' Report for the year ended 31 December 2017 (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 director's 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 2017 (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 27 July 2018 and signed on its behalf by J A Nicholson.

  
J A Nicholson  
Director  
13 August 2018.

## 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 2017 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 2017; 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.

#### 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.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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.



## **Independent auditors' report to the members of Diamould Limited**

### **Report on the audit of the financial statements (continued)**

#### **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 or, 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 2017 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.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the directors' responsibilities 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.

# **Diamould Limited**

## **Independent auditors' report to the members of Diamould Limited**

### **Report on the audit of the financial statements (continued)**

#### *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](http://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.

### **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.



Elizabeth Ross-Jones (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
13 August 2018

## Diamould Limited

### Income statement for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	2	10,517	14,655
Cost of sales		(9,868)	(11,979)
<b>Gross profit</b>		<b>649</b>	<b>2,676</b>
Operating expenses	4	(1,687)	(47)
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<b>(1,038)</b>	<b>2,629</b>
Tax on (loss)/profit on ordinary activities	7	(49)	(260)
<b>(Loss)/profit for the financial year</b>		<b>(1,087)</b>	<b>2,369</b>

There is no difference between the (loss)/profit before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents (2016: same).

The notes on pages 13 to 26 form part of these financial statements.

### Statement of comprehensive Income for the year ended 31 December 2017

	2017 £'000	2016 £'000
(Loss)/profit for the financial year	(1,087)	2,369
<b>Total comprehensive (expense)/income for the financial year</b>	<b>(1,087)</b>	<b>2,369</b>

# Diamould Limited

## Statement of financial position as at 31 December 2017

		2017	2016
	Note	£'000	£'000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	1,427	1,668
		1,427	1,668
Current assets			
Stocks	10	2,726	4,274
Debtors	11	19,669	21,633
Cash at bank and in hand		65	55
		22,460	25,962
Creditors: Amounts falling due within one year	12	(4,042)	(6,698)
Net current assets		18,418	19,264
<b>Net assets</b>		<b>19,845</b>	<b>20,932</b>
Capital and reserves			
Called up share capital	14	8,010	8,010
Share premium account		1,966	1,966
Profit and loss account		9,869	10,956
<b>Total shareholders' funds</b>		<b>19,845</b>	<b>20,932</b>

The notes on pages 13 to 26 form part of these financial statements.

These financial statements on pages 10 to 26 were approved and authorised by the board of directors, and were signed on its behalf by:



**J A Nicholson**  
**Director**  
Diamould Limited  
13 August 2018

Registered Number: 03797278

## Diamould Limited

### Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
<b>At 1 January 2016</b>	8,010	1,966	8,587	18,563
Profit for the financial year	-	-	2,369	2,369
<b>At 31 December 2016 and 1 January 2017</b>	8,010	1,966	10,956	20,932
Loss for the financial year	-	-	(1,087)	(1,087)
<b>31 December 2017</b>	8,010	1,966	9,869	19,845

# **Diamould Limited**

## **Notes to the financial statements for the year ended 31 December 2017**

### **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 2017 (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 2017 (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 2017 (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 2017 (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:

	2017	2016
	£'000	£'000
United Kingdom	2,224	1,905
Rest of Europe	2,500	4,683
Americas	2,368	3,437
Africa/Asia/Australia	3,356	4,606
Russian Federation	69	24
<b>Total turnover</b>	<b>10,517</b>	<b>14,655</b>

The analysis of sales by sales type is as follows:

	2017	2016
	£'000	£'000
Sales of goods	9,085	12,225
Rendering of services	1,432	2,430
<b>Total turnover</b>	<b>10,517</b>	<b>14,655</b>

# Diamould Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 3 Staff numbers and costs

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

	2017	2016
	Number	Number
Direct labour	19	30
Selling, marketing and distribution	4	6
Administration	65	81
<b>Total staff numbers</b>	<b>88</b>	<b>117</b>

The aggregate payroll costs were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	4,536	4,955
Social security costs	485	643
Other pension costs (note 15)	389	483
<b>Total staff costs</b>	<b>5,410</b>	<b>6,081</b>

### 4 Operating expenses

	2017	2016
	£'000	£'000
Administrative expenses	1,544	1,814
Distribution costs	7	38
Research and development credit	(1,444)	-
Other expense/(income) including exchange loss/(gain)	1,580	(1,805)
<b>Total net operating expenses</b>	<b>1,687</b>	<b>47</b>

#### Factors affecting net operating expenses.

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

## Diamould Limited

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 5 (Loss)/profit on ordinary activities before taxation

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

	2017	2016
	£'000	£'000
Depreciation of tangible fixed assets (note 9)	309	339
Auditors' remuneration:		
- audit	42	71
Foreign exchange loss/(gain)	1,580	(1,805)

#### 6 Directors' emoluments

Of the three directors in office during the year, one was remunerated by the company (2016: one). The remuneration of the other directors was borne by Cameron and Schlumberger.

The emoluments of the director amounted to £148,000 (aggregate emoluments 2016: £149,000). This included pension contributions of £12,000 (aggregate pension contributions 2016: £12,000).

Of the directors, one (2016: one) is accruing retirement benefits under a Retirement Savings Plan.

# Diamould Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 7 Tax on (loss)/profit on ordinary activities

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

	2017	2016
	£'000	£'000
<b>Current tax</b>		
UK corporation tax	-	93
Adjustment in respect of prior periods	109	-
<b>Total current tax charge</b>	<b>109</b>	<b>93</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	93	118
Adjustment in respect of prior periods	(142)	29
Effect of changes in tax rates	(11)	19
<b>Total deferred tax charge</b>	<b>(60)</b>	<b>167</b>
<b>Total tax charge on (loss)/profit</b>	<b>49</b>	<b>260</b>

The tax assessed for the year is equal (2016: lower) to the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017	2016
	£'000	£'000
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(1,038)</b>	<b>2,629</b>
Profit before taxation multiplied by effective standard rate of 19.25% (2016: 20.00%)	(200)	526
Expenses not deductible for tax purposes	12	10
Research and development credit	(207)	-
Effects of group relief	488	(286)
Transfer pricing adjustments	1	-
Adjustments from previous periods	(34)	29
Tax rate changes	(11)	20
Share options	-	(39)
<b>Total tax charge on (loss)/profit</b>	<b>49</b>	<b>260</b>

#### 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 2017 and 31 December 2016.

# Diamould Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 8 Intangible assets - Patents

	2017	2016
	£'000	£'000
<b>Cost</b>		
At 1 January and 31 December	13	13
<b>Accumulated amortisation</b>		
At 1 January and 31 December	(13)	(13)
<b>Net book value as at 31 December</b>	-	-

### 9 Tangible assets

	Leasehold property	Plant and machinery	Fixtures, fittings, tools & equipment	Computer equipment & software	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2017	1,953	3,344	1,164	35	6,496
Additions	-	103	12	-	115
Disposals	-	-	-	-	-
<b>At 31 December 2017</b>	<b>1,953</b>	<b>3,447</b>	<b>1,176</b>	<b>35</b>	<b>6,611</b>
<b>Accumulated depreciation</b>					
At 1 January 2017	(1,011)	(2,703)	(1,079)	(35)	(4,828)
Charge for the year	(136)	(149)	(24)	-	(309)
Disposals	-	-	-	-	-
Impairment	-	(47)	-	-	(47)
<b>At 31 December 2017</b>	<b>(1,147)</b>	<b>(2,899)</b>	<b>(1,103)</b>	<b>(35)</b>	<b>(5,184)</b>
<b>Net book value at 31 December 2017</b>	<b>806</b>	<b>548</b>	<b>73</b>	<b>-</b>	<b>1,427</b>
<b>Net book value at 31 December 2016</b>	<b>942</b>	<b>641</b>	<b>85</b>	<b>-</b>	<b>1,668</b>

## Diamould Limited

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 10 Stocks

	2017	2016
	£'000	£'000
Raw materials	121	140
Work in progress	2,329	3,608
Finished goods	276	526
	<u>2,726</u>	<u>4,274</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 £8,923,000 (2016: £11,472,000).

#### 11 Debtors

	2017	2016
	£'000	£'000
Trade debtors	1,966	3,923
Allowance for doubtful debts	(40)	(1,086)
Amounts owed by group undertakings	15,053	18,045
Deferred taxation (note 13)	600	540
Taxation and social security	2,009	-
Prepayments and accrued income	81	211
	<u>19,669</u>	<u>21,633</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

	2017	2016
	£'000	£'000
Trade creditors	1,327	2,723
Amounts owed to related party undertakings	1,812	1,024
Taxation and social security	-	890
Accruals and deferred income	903	2,061
	<u>4,042</u>	<u>6,698</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 2017 (continued)

### 13 Deferred taxation

	2017	2016
	£'000	£'000
Asset as at 1 January	540	707
Profit and loss account charge in current year	(82)	(138)
Prior year adjustment	142	(29)
<b>Asset at 31 December</b>	<b>600</b>	<b>540</b>

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

	2017	2016
	£'000	£'000
Accelerated capital allowances	600	540
<b>Balance at 31 December - Asset</b>	<b>600</b>	<b>540</b>

### 14 Called up share capital

	2017	2016
	£'000	£'000
<b>Authorised</b>		
9,998,000 (2016: 9,998,000) ordinary A shares of £1 each	9,998	9,998
2,000 (2016: 2,000) ordinary B shares of £1 each	2	2
<b>Total authorised</b>	<b>10,000</b>	<b>10,000</b>

	2017	2016
	£'000	£'000
<b>Allotted and fully paid</b>		
8,009,184 (2016: 8,009,184) ordinary A shares of £1 each	8,009	8,009
528 (2016: 528) ordinary B shares of £1 each	1	1
<b>Total allotted and fully paid</b>	<b>8,010</b>	<b>8,010</b>

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 2017 (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 period in which they become payable. Pension contributions were £389,000 for 2017 (2016: £483,000). At the end of the year, contributions of £nil (2016: £nil) were outstanding.

#### 16 Leasing commitments

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

	2017 £'000	2016 £'000
Within one year	111	111
Between two and four years	332	332
Over five years	276	386
<b>Total operating commitments</b>	<b>719</b>	<b>829</b>

All leasing commitments relate to land and buildings.

The company had no other financial commitments at 31 December 2017 (2016: £nil).

#### 17 Capital Commitments

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

# Diamould Limited

## Notes to the financial statements for the year ended 31 December 2017 (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 2017, 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	-	6,679	-	23
CAMERON INTERNATIONAL CORPORATION	-	2	-	-
DOWELL SCHLUMBERGER SAUDI	412	-	645	-
DOWELL SCHLUMBERGER (WESTERN) S.A.	-	-	14	-
ETUDES ET PRODUCTIONS SLB	503	-	91	-
ONESUBSEA AUSTRALIA PTY LTD	4	115	1	-
ONESUBSEA BV	-	260	-	83
ONESUBSEA DO BRASIL SERVICOS	33	-	50	132
ONESUBSEA GMBH	-	-	36	13
ONESUBSEA IP UK LIMITED	-	-	112	-
ONESUBSEA LLC	-	130	454	-
ONESUBSEA MALAYSIA SYSTEMS	17	-	17	-
ONESUBSEA OFFSHORE SYSTEMS	77	-	-	-
ONESUBSEA PROCESSING AS	8	126	197	-
ONESUBSEA SYSTEMS CELLE	1,416	53	105	-
ONESUBSEA UK LIMITED	27	65	397	1,361
ONESUBSEA LUXEMBURG SARL	-	-	10,545	-
MFG FINANCIAL CENTRE	-	302	-	200
PETROLEUM EQP & SUPPLIES FZE	1,544	-	382	-
PETROLEUM EQUIP & SUPP N.V.	243	-	77	-
REDA PRODUCTION SYSTEMS	17	-	2	-
SCHLUMBERGER CANADA LIMITED	232	-	232	-
SCHLUMBERGER CHINA OFFSHORE	-	-	38	-
SCHLUMBERGER LOGELCO INC	80	-	10	-
SCHLUMBERGER MIDDLE EAST SA	-	-	1	-
SCHLUMBERGER OILFIELD	131	-	95	-
SCHLUMBERGER OILFIELD UK PLC	727	225	483	-
SCHLUMBERGER OILFIELD EQUIP	51	-	2	-

## Diamould Limited

### Notes to the financial statements for the year ended 31 December 2017 (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 OVERSEAS S.A.	11	-	29	-
SCHLUMBERGER RÉSERVOIR	889	-	97	-
SCHLUMBERGER SURENCO S.A.	-	-	1	-
SCHLUMBERGER TECHNOLOGY CORP	576	-	694	-
SENSA HIGHWAY LIMITED	-	391	33	-
SHTR	-	-	48	-
SLB ASIA SERVICES LTD	-	-	40	-
SLB OFFSHORE SERVICES LIMITED	-	-	40	-
SLB SERVICOS DE PETROLEO LTD	-	-	40	-
SOUTHERN SCHLUMBERGER SA	34	-	45	-
Total	7,032	8,348	15,053	1,812

## 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](http://www.slb.com).

## 20 Subsequent events

There are no subsequent events to note.