

Diamould Limited

Registered Number 03797278

Annual Report and Financial Statements

Year ended 31 December 2021



Diamould Limited

Directors and Advisors

Directors

Joseph Allan Nicholson
Simon Walter McCloud
Giselle Evette Varn (resigned 4 August 2022)
Christopher Allan Walker (appointed 18 August 2022)

Secretary

Abogado Nominees Limited

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester Hardman Sq.
1 Hardman Square
Manchester
M3 3EB
United Kingdom

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
England
EC4V 6JA

Diamould Limited

Strategic Report for the year ended 31 December 2021

The directors present their Strategic report for the year ended 31 December 2021.

Principal activities and review of the business

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

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

	2021	2020	Change
	£'000	£'000	%
Turnover	19,131	21,409	(12)%
Profit / (Loss) for the financial year	205	(163)	180%
Total Shareholders' funds	19,256	19,051	1%
Current assets as % of current liabilities ("quick ratio")	504%	493%	2%
Average number of employees (No.)	97	89	8%

Turnover reduced from the prior year as a result of the decline in third party product sales, as no new significant awards were received following decrease in global oil demand and associated demand for oilfield services and products in 2020, deliveries in the year were the execution of prior year awards. Decline in 3rd party sales was partially offset by an increase in intercompany sales driven by adoption of the Onesubsea group in specifying Diamould control connectors as the connector of choice for major projects.

Profitability was impacted in the financial year by several quality incidents and a product recall issued to customers due to a substandard component being included in delivered product. There was also a continued impact in manufacturing efficiencies due to adopting new working practices and unplanned staff absences due to the COVID-19 pandemic

Future developments

Global oil and gas activity grew in the second half of 2021 and, as a result of this market recovery, contracted awards for product delivery in 2022 and beyond are at a record level for the Company and will ensure a sustained period of activity. The company retains a robust order book with contracted work and deliveries all the way out till late 2023. 2022 is expected to see an increase in turnover and activity levels through the continued execution of Schlumberger and third-party awards.

The company continues to deal with quality issues that have arisen in the prior year. This has had a continued impact on operating capacity and the company's ability to deliver contracted orders within agreed dates. The company's management team has instigated a relief plan and is confident on delivering all contracted deliveries and commitments within acceptable dates.

Several of the company's suppliers have also been impacted by global events such as the pandemic, this has had a direct impact on the company's manufacturing lead times and material costs. The directors and company management are confident they can manage existing contractual commitments without the need for cancellations or force majeure types of events.

Diamould Limited

Strategic Report for the year ended 31 December 2021 (continued)

Future Developments (Continued)

The controls connector product has become the company's primary turnover product line in 2022 which marks a shift from historical power and completions connectors being the primary turnover product lines. The company is transitioning through the change in manufacturing output but expects an increase in manufacturing efficiencies and resolution of the quality issues is expected to result in increased earnings. The directors and management team believe that the company is well placed to continue to be profitable in the coming periods after.

In addition, the Company is a part of Schlumberger UK group of companies 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 assesses 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 strengthening of the Great British Pound (GBP) against the United States Dollar (USD). Operating expenses in the year were £1,986,000 (2020: £3,016,000). Operating expenses contained both a foreign exchange gain of £724,000 (2020: loss £1,080,000) driven by customer billings transacted in United States Dollar (USD) and also an exceptional item totalling £885,759 (2020: Nil) for a provision made in relation to a product quality incident. Excluding foreign exchange gains and losses and the exceptional item, operating expenses were £1,824,000 (2020: £1,936,000). Operating expenses were slightly less than the prior year due to a reduction in the value of overall inventory written off totalling £91,000 (2020: £202,000).

The strategic report on pages 2 to 3 were approved by the Board of Directors on date 05 May 2023 and signed on its behalf by J A Nicholson.

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J A Nicholson
Director
05-05-2023

Diamould Limited

Directors' Report for the year ended 31 December 2021

The directors present their report and audited financial statements for the year ended 31 December 2021.

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:

Joseph Allan Nicholson

Simon Walter McCloud

Giselle Evette Varn (appointed 20 January 2021, resigned 4 August 2022)

Christopher Allan Walker (appointed 18 August 2022)

Results and dividends

The Company's profit is £205,054 for the year ended 31 December 2021 (2020: loss £163,000). The directors do not recommend the payment of a dividend (2020: £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. Impacts of exchange risks to the financial statements are documented in the 'Financial risk management' section of the 'Strategic report for year ended 31 December 2021'.

Political contributions and charitable donations

No political or charitable donations were made in the year (2020: £400).

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 2021 (continued)

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors also expect that operations can be adequately maintained around evolving working practices put into place as a result of COVID-19 as have been evidenced since the start of the pandemic. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The company has obtained a letter of support from its parent company, Schlumberger Oilfield UK Limited which provides assurances of the company's ability to operate as a going concern for a period of 12 months from the date of these signed 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.

Diamould Limited

Directors' Report for the year ended 31 December 2021 (continued)

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.

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 05 May 2023 and signed on its behalf by J A Nicholson.

DocuSigned by:

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J A Nicholson
Director
05-05-2023

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2021; the Income statement, the Statement of comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Diamould Limited

Independent auditors' report to the members of Diamould Limited (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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 directors' responsibilities in respect of the financial statements, 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 (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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial statements through fictitious journal postings and management bias within accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to revenue;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 (Continued)

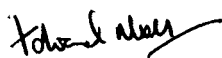
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
5 May 2023

Diamould Limited

Income statement for the year ended 31 December 2021

		2021	2020
	Note	£'000	£'000
Turnover	2	19,131	21,409
Cost of sales		(16,964)	(19,017)
Gross profit		2,167	2,392
Operating expenses	4	(1,100)	(3,016)
Exceptional Item	4	(886)	364
Profit / (loss) before taxation	5	181	(260)
Tax credit on profit / (loss)	7	24	97
Profit / (loss) for the financial year		205	(163)

There is no difference between the profit / (loss) before taxation and the profit / (loss) for the financial year stated above and their historical cost equivalents (2020: same).

The notes on pages 14 to 25 form part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Profit / (loss) for the financial year	205	(163)
Total comprehensive income/(expense) for the financial year	205	(163)

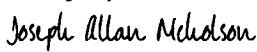
Diamould Limited

Statement of financial position as at 31 December 2021

		2021	2020
	Note	£'000	£'000
Fixed assets			
Tangible assets	9	1,241	1,279
		1,241	1,279
Current assets			
Stocks	10	8,781	7,388
Debtors	11	13,594	14,820
Cash at bank and in hand		90	90
		22,465	22,298
Creditors: Amounts falling due within one year	12	(4,450)	(4,526)
Net current assets		18,015	17,772
Net assets		19,256	19,051
Capital and reserves			
Called up share capital	14	8,010	8,010
Share premium account		1,966	1,966
Profit and loss account		9,280	9,075
Total shareholders' funds		19,256	19,051

The notes on pages 14 to 26 form part of these financial statements.

These financial statements on pages 11 to 26 were approved and authorised by the board of directors on date 05 May 2023 and were signed on its behalf by:

DocuSigned by:

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J A Nicholson
Director
05-05-2023

Registered Number: 03797278

Diamould Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2020	8,010	1,966	9,238	19,214
Loss for the financial year	-	-	(163)	(163)
At 31 December 2020 and 1 January 2021	8,010	1,966	9,075	19,051
Profit for the financial year	-	-	205	205
31 December 2021	8,010	1,966	9,280	19,256

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021

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). These financial statements have been prepared on the basis that an entity has chosen to apply Sections 11 and 12 of FRS 102 in respect to the recognition and measurements of financial instruments.

Basis of preparation

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 2006 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 2021 (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 50% for anything without usage in the last 12 months but some in 24 months or aged less than 24 months. 70% for anything without usage in the last 24 months, but some in 36 months or aged less than 36 months. 100% for Material without usage in the last 36 months and 36 months old. 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.

Going Concern

These financial statements have been prepared on a going concern basis. The company has obtained a letter of support from its parent company, Schlumberger Oilfield UK Limited which provides assurances of the company's ability to operate as a going concern for a period of 12 months from the date of these signed financial statements.

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.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

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.

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 income statement. Where a reversal of the impairment charge is recognised the impairment charge is reversed, up to 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.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (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.

Financial assets and liabilities

The classification of financial assets and liabilities depends on the purpose for which the financial assets were acquired, or the financial liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition and applies sections 11 and 12 of FRS102 in respect of recognition and measurement of financial instruments. The Company classifies its financial assets in the following categories: loans and receivables and derivatives and its financial liabilities in the following categories: Other financial liabilities and derivatives.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables mainly comprise debtors (including amounts owed by Schlumberger Limited group companies) and cash at bank and in hand.

Loans and receivables are recognised initially at fair value plus directly attributable transaction costs. Subsequently, loans and receivables are stated at amortised cost using the effective interest method, less provision for impairment.

ii. Other financial liabilities

The Company's other financial liabilities mainly comprise creditors (including amounts owed to Schlumberger Limited group companies) and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequently, other financial liabilities are stated at amortised cost using the effective interest method.

iii. Fair value estimation

The fair value of financial instruments is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying appropriate exchange rates.

The carrying values less impairment provision of intercompany receivables and payables approximate their fair values.

Short-term deposits

The fair value of short-term deposits, loans and overdrafts approximates the carrying amount because of the short maturity of these instruments.

Borrowings

In the case of bank loans and other loans, fair value approximates the carrying value reported in the balance sheet as the majority are at a floating rate where payments are reset to market rates at intervals of less than one year.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

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.

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. No government grants were received in the year (2020: nil)

Exceptional Items

Disclosure of exceptional items e.g., restructuring provisions, impairments etc. will be made in the notes to the financial statements by means of additional line items or headings if such presentation is relevant to understanding the entity's financial performance. Disclosure of exceptional items will include the nature of items and value.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Turnover

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

	2021	2020
	£'000	£'000
United Kingdom	5,758	3,391
Rest of Europe	6,703	5,519
Americas	3,654	4,605
Africa/Asia/Australia	2,995	7,861
Russian Federation	21	33
Total turnover	19,131	21,409

The analysis of sales by sales type is as follows:

	2021	2020
	£'000	£'000
Sales of goods	17,683	19,738
Rendering of services	1,448	1,671
Total turnover	19,131	21,409

3 Staff numbers and costs

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

	2021	2020
	Number	Number
Direct labour	21	22
Selling, marketing and distribution	6	4
Administration	70	63
Total staff numbers	97	89

The aggregate payroll costs were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	6,059	5,298
Social security costs	456	453
Other pension costs (note 15)	443	333
Total staff costs	6,958	6,084

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Operating expenses

	2021	2020
	£'000	£'000
Administrative expenses	1,824	1,936
Other expense including exchange (gain)/loss	(724)	1,080
Exceptional Items	886	(364)
Total net operating expense	1,986	2,652

Factors affecting net operating expenses.

The company had significant exchange gains (2020 losses) in the year due to material strengthening of Sterling (GBP) against United States Dollar (USD). Additionally, administrative expenses were slightly less than the prior year due to a reduction in the value of overall inventory written off totalling £91,000 (2020: £202,000).

The current year exceptional item totalling £886,000 relates to an accrual booked in relation to recorded quality incident. A component of substandard quality was included in multiple connector shipments in the years 2020 & 2021. The accrual amount covers the company's expected expenses to sufficiently swap out the substandard component in shipped connectors as well as any expenses associated with the engineering solution to complete remedy work for connectors deployed in a subsea environment.

5 Profit / (loss) before taxation

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

	2021	2020
	£'000	£'000
Depreciation of tangible fixed assets (note 9)	294	269
Auditors' remuneration:		
- audit	30	36
Foreign exchange (gain)/loss	(724)	1,080

6 Directors' emoluments

Of the three directors in office during the year, one was remunerated by the company (2020: one). The remuneration of the other directors was borne by Schlumberger Oilfield UK Ltd and Onesubsea UK limited respectively. There was no recharge (£nil) to Diamould limited for the directors costs borne by Schlumberger Oilfield UK Limited and Onesubsea UK Limited. (Directors Recharges to Diamould 2020: £nil)

The aggregate emoluments of the director amounted to £164,000 (aggregate emoluments 2020: £166,000) which included pension contributions of £19,000 (pension contributions 2020: £13,000).

Of the directors, one (2020: one) is accruing retirement benefits under a Retirement Savings Plan.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Tax on profit / (loss)

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

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior periods	(14)	(202)
Total current tax credit	(14)	(202)
Deferred tax		
Origination and reversal of timing differences	124	(34)
Adjustment in respect of prior periods	2	194
Effect of changes in tax rates	(136)	(55)
Total deferred tax (credit)/Charge	(10)	105
Total tax credit on profit / (loss)	(24)	(97)

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Profit / (loss) before taxation	181	(260)
Profit / (loss) before taxation multiplied by effective standard rate of 19.00% (2020: 19.00%)	34	(49)
Expenses not deductible for tax purposes	94	84
Income not taxable	(7)	(69)
Effects of group relief/ other reliefs	1	-
Adjustment from previous periods	(11)	(8)
Tax rate changes	(135)	(55)
Total tax credit on profit / (loss)	(24)	(97)

Factors that may affect future tax charges

On 3 March 2020 the Government announced that from 1 April 2023 the UK corporation tax rate will increase 25% for UK tax resident companies whose profits exceed a certain threshold. Management believes that the taxable profits of the Company will be taxed at this higher rate from the 1 April 2023. As the proposal to increase the UK corporation tax rate had not been substantively enacted at the balance sheet date it has not been reflected in these financial statements.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Intangible assets

	2021	2020
	£'000	£'000
Cost	Patents	Patents
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 Buildings	Plant and machinery	Fixtures, fittings, tools & equipment	Computer equipment & software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
31 December 2020	1,953	3,824	1,176	35	6,988
Restated 1 January 2021	-	(24)	(1)	-	(25)
Additions	-	206	-	-	206
At 31 December 2021	1,953	4,006	1,175	35	7,169
Accumulated depreciation					
31 December 2020	(1,489)	(3,015)	(1,170)	(35)	(5,709)
Restated 1 January 2021	(113)	106	82	-	75
Charge for the year	(113)	(159)	(22)	-	(294)
At 31 December 2021	(1,715)	(3,068)	(1,110)	(35)	(5,928)
Net book value at					
31 December 2020	464	809	6	-	1,279
Net book value at					
31 December 2021	238	938	65	-	1,241

At 1 January 2021 restated amount of £75,000 under accumulated depreciation relates to the unwinding of accumulated depreciation from fixed assets on the balance sheet to the profit and loss account. At 1 January 2021 restated amount of £ (25,000) under cost relates to correction of accumulated depreciation booked to fixed assets costs on the balance sheet in error.

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Stocks

	2021	2020
	£'000	£'000
Raw materials	78	74
Work in progress	8,233	6,899
Finished goods	470	415
	<u>8,781</u>	<u>7,388</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 £12,845,639 (2020: £13,729,084).

11 Debtors

	2021	2020
	£'000	£'000
Trade debtors	713	2,751
Allowance for doubtful debts	(50)	(50)
Amounts owed by group undertakings	11,389	10,969
Deferred taxation (note 13)	565	555
Other taxation and social security	923	521
Prepayments and accrued income	54	74
	<u>13,594</u>	<u>14,820</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

	2021	2020
	£'000	£'000
Trade creditors	590	1,303
Amounts owed to group undertakings	1,081	1,756
Taxation and social security	682	152
Provisions	886	-
Accruals and deferred income	1,211	1,315
	<u>4,450</u>	<u>4,526</u>

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

Diamould Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Deferred taxation

	2021	2020
	£'000	£'000
Asset as at 1 January	555	660
Profit and loss account charge in current year	(2)	(194)
Prior year adjustment	12	89
Asset at 31 December	565	555

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

	2021	2020
	£'000	£'000
Accelerated capital allowances	565	555
Balance at 31 December - Asset	565	555

14 Called up share capital

	2021	2020
	£'000	£'000
Authorised		
9,998,000 (2020: 9,998,000) ordinary A shares of £1 each	9,998	9,998
2,000 (2020: 2,000) ordinary B shares of £1 each	2	2
Total authorised	10,000	10,000

	2021	2020
	£'000	£'000
Allotted and fully paid		
8,009,184 (2020: 8,009,184) ordinary A shares of £1 each	8,009	8,009
528 (2020: 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 2021 (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 £443,000 for 2021 (2020: £333,000). At the end of the year, contributions of £nil (2020: £nil) were outstanding.

16 Leasing commitments

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

	2021 £'000	2020 £'000
Within one year	166	164
Between two to five years	245	411
Over five years	0	-
Total operating commitments	411	575

All leasing commitments relate to land and buildings.

The company had no other financial commitments at 31 December 2021 (2020: £nil).

17 Capital Commitments

As at the 31 December 2021, the company had no capital commitments (2020: Nil).

18 Ultimate parent company

The immediate parent undertaking is Schlumberger Oilfield UK Ltd, a company incorporated in the United Kingdom. Schlumberger Limited, a company incorporated in Curacao, 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 the Group's website at www.slb.com.

19 Subsequent events

In 2022 the company continues to refine and evolve conditions for working which it believes will be in place for the foreseeable future due to the global COVID-19 pandemic. Production levels continue to see a residual reduction in efficiencies due to COVID-19 related measures by approximately 10% (safe working distances and practices).

The company has reasonable expectation that despite an impact in efficiencies due to COVID-19 it will be able to deliver all its contractual commitments both in the short and long term.