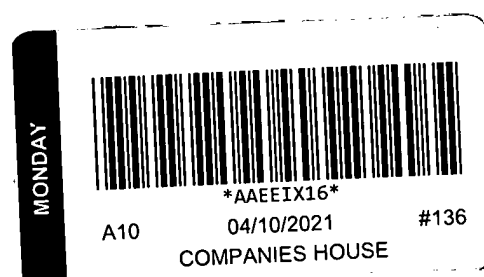


Diamould Limited

Registered Number 03797278

Annual Report and Financial Statements

Year ended 31 December 2020



Diamould Limited

Directors and Advisors

Directors

Joseph Allan Nicholson
Simon Walter McCloud
Giselle Evette Varn (Appointed 20 January 2021)

Secretary

Abogado Nominees Limited
Mark Roman Higgins

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Spinningfields
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
England
EC4V 6JA

Diamould Limited

Strategic Report for the year ended 31 December 2020

The directors present their Strategic report for the year ended 31 December 2020.

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. The company's controls connector product line doubled in turnover from the prior year which is the result of a multiyear program to develop, manufacture and bring the product line to commercial maturity. Turnover from the company's other major product lines remained consistent with the prior year, predominate supply was to intercompany parties.

The company's operations and capacity were challenged to meet the increased turnover and manufacturing requirements. This was primarily due a significant drop in manufacturing efficiencies due to adopting new working practices and staff absences over the course of the COVID-19 pandemic.

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

	2020	2019	Change
	£'000	£'000	%
Turnover	21,409	16,989	21%
(Loss)/Profit for the financial year	(163)	1,062	752%
Total Shareholders' funds	19,051	19,214	(1)%
Current assets as % of current liabilities ("quick ratio")	493%	491%	5%
Average number of employees (No.)	89	78	12%

Despite an unprecedented decline in the wholesale oil price and oil and gas market activity the company has seen its turnovers grow as customers looked for more productive solutions to increase efficiencies in the downhole gauge and subsea fields. The company viewed prior year turnover as the start of an increase in activity and volume as many operators focused on aligning operations to new market conditions with more efficient solutions. Significant turnover growth was achieved in the year through the company securing new contracts driven by prior year investments in new technologies in collaboration with both Schlumberger and third-party groups.

Future developments

Contracted awards for product delivery in 2021 and beyond ensured a sustained period of activity and turnover despite the unprecedented downturn in the oil and gas market. The company retains a robust order book with contracted work and deliveries all the way out till late 2023. 2021 is expected to see similar turnover and activity levels through the continued execution of third party and Schlumberger awards.

In March 2020 a global pandemic was declared by the World Health Organisation which has critically impacted the demand for Oil and Gas globally. The company continues to see a reduction in its manufacturing efficiencies while new conditions for working are in force. While a significant immediate reduction in production levels was temporary there is a continued residual reduction in efficiencies due to COVID-19 related measures by approximately 10% (safe working distances and practices).

Several of the company's suppliers have also been impacted by the global pandemic and as a result, the manufacturing lead time for majority of the company's products continues to be adversely impacted in the first half of 2021. There is also concern that a global shortage of key materials may further affect supplier lead times

Diamould Limited

Strategic Report for the year ended 31 December 2020 (continued)

Future Developments (Continued)

in the longer term beyond 2021. The company has assessed and will continue to assess these factors and anticipates that lead time and performance will remain adequate to fully deliver upon contracted commitments.

The controls connector product will become the company's primary turnover product line in 2021 and beyond which marks a shift from historical power and completions connectors being the primary turnover product lines. As the company transitions through the change in manufacturing output coupled with the complexities of operating during the COVID-19 pandemic its expected operating losses will be incurred in 2021 while efficiencies and quality trend below usual and demonstrated levels.

The directors and management team believe that the company is well placed to return to profitability in the coming periods after.

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.

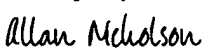
Management assesses the internal controls at the end of each year and also as an integral part of the internal audit on an on-going basis. Policies and procedures are also in force and serve to formalise the support for required controls and the execution of on-going work practices. The Company considers 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 losses in the year due to material weakening of the Great British Pound (GBP) against the United States Dollar (USD). Operating expenses in the year were £3,029,000 (2019: £1,326,000), operating expenses contained both a foreign exchange loss of £1,080,000 (2019: loss £670,000) driven by most customer billings transacted in United States Dollar (USD). Excluding foreign exchange gains and losses, operating expenses were £1,949,000 (2019: £1,085,000). Operating expenses are up on the prior year due to redundancies and other associated settlement payments made in the year of £262,000 (2019: nil) and an inventory write off value of £202,000 (2019: nil)

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

J A Nicholson
Director
21 September 2021

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Diamould Limited

Directors' Report for the year ended 31 December 2020

The directors present their report and audited financial statements for the year ended 31 December 2020.

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
Simon Walter McCloud
Giselle Evette Varn

Results and dividends

The Company's loss is £163,000 for the year ended 31 December 2020 (2019: profit £1,062,000). The directors do not recommend the payment of a dividend (2019: £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 exchanges risks to the financial statements are documented in the 'Financial risk management' section of the 'Strategic report for year ended 31December 2020'.

Political contributions and charitable donations

No political donations were made in the year, charitable donations were made during the year of £400 (2019: £650).

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 2020 (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 PLC 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 accounts.

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 2020 (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 21 September 2021 and signed on its behalf by J A Nicholson.

DocuSigned by:

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J A Nicholson
Director
21 September 2021

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 2020 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, which comprise: the statement of financial position as at 31 December 2020; the income statement, statement of comprehensive income and 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 2020 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
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

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)

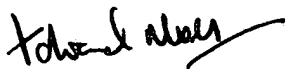
Other required reporting

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
30 September 2021

Diamould Limited

Income statement for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Turnover	2	21,409	16,989
Cost of sales		(19,017)	(14,135)
Gross profit		2,392	2,854
Operating expenses	4	(3,016)	(1,326)
Exceptional Item	4	364	-
(Loss)/profit before taxation	5	(260)	1,528
Tax on (loss)profit	7	97	(466)
(Loss)/profit for the financial year		(163)	1,062

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 (2019: same).

The notes on pages 13 to 24 form part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2020

	2020	2019
	£'000	£'000
(Loss)/profit for the financial year	(163)	1,062
Total comprehensive (expense)/income for the financial year	(163)	1,062


Diamould Limited

Statement of financial position as at 31 December 2020

		2020	2019
	Note	£'000	£'000
Fixed assets			
Tangible assets	9	1,279	1,151
		1,279	1,151
Current assets			
Stocks	10	7,388	7,501
Debtors	11	14,820	15,090
Cash at bank and in hand		90	90
		22,298	22,681
Creditors: Amounts falling due within one year	12	(4,526)	(4,618)
Net current assets		17,772	18,063
Net assets		19,051	19,214
Capital and reserves			
Called up share capital	14	8,010	8,010
Share premium account		1,966	1,966
Profit and loss account		9,075	9,238
Total shareholders' funds		19,051	19,214

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

These financial statements on pages 11 to 25 were approved and authorised by the board of directors on 21 September 2021 and were signed on its behalf by:

DocuSigned by:

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J A Nicholson
 Director
 21 September 2021

Registered Number: 03797278

Diamould Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2019	8,010	1,966	8,176	18,152
Profit for the financial year	-	-	1,062	1,062
At 31 December 2019 and 1 January 2020	8,010	1,966	9,238	19,214
Loss for the financial year	-	-	(163)	(163)
31 December 2020	8,010	1,966	9,075	19,051

Diamould Limited

Notes to the financial statements for the year ended 31 December 2020

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

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 2020 (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 PLC 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 accounts.

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 2020 (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 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 2020 (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 2020 (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:

	2020	2019
	£'000	£'000
United Kingdom	3,391	1,665
Rest of Europe	5,519	3,349
Americas	4,605	3,137
Africa/Asia/Australia	7,861	8,800
Russian Federation	33	38
Total turnover	21,409	16,989

The analysis of sales by sales type is as follows:

	2020	2019
	£'000	£'000
Sales of goods	19,738	15,525
Rendering of services	1,671	1,464
Total turnover	21,409	16,989

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Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Staff numbers and costs

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

	2020	2019
	Number	Number
Direct labour	22	15
Selling, marketing and distribution	4	3
Administration	63	60
Total staff numbers	89	78

The aggregate payroll costs were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	5,298	4,584
Social security costs	453	328
Other pension costs (note 15)	333	294
Total staff costs	6,084	5,206

4 Operating expenses

	2020	2019
	£'000	£'000
Administrative expenses	1,936	1,085
Distribution costs	-	1
Research and development credit		(392)
Other expense including exchange loss	1,080	670
Exceptional Items	(364)	-
Bad Debt Income	-	(38)
Total net operating expense	2,652	1,326

Factors affecting net operating expenses.

The company had significant exchange losses (2019 losses) in the year due to material weakening of Sterling (GBP) against United States Dollar (USD). Additionally, administrative expenses are up on prior year due to redundancies and other associated settlement payments made in the year of £262,000 (2019: nil) and inventory write off of £202,000 (2019: nil).

Exceptional item amount of £364,000 relates to the unwinding of accumulated depreciation from fixed assets accounts on the balance sheet to retained earnings. In a prior period, the value of £364,000 was booked to accumulated depreciation after a mass restatement in the useful life of assets, however, the unwind in depreciation at the time should have been recognised in the profit and loss account.

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Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Loss/profit before taxation

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

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets (note 9)	269	270
Auditors' remuneration:		
- audit	36	38
Foreign exchange loss	1,080	670

6 Directors' emoluments

Of the three directors in office during the year, one was remunerated by the company (2019: one). The remuneration of the other directors was borne by Schlumberger Oilfield UK PLC and Onesubsea UK limited respectively.

The emoluments of the director amounted to £166,000 (aggregate emoluments 2019: £159,000). This included pension contributions of £13,000 (aggregate pension contributions 2019: £12,000).

Of the directors, one (2019: one) is accruing retirement benefits under a Retirement Savings Plan.

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Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Tax on Loss/Profit

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

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax	-	359
Adjustment in respect of prior periods	(202)	266
Total current tax charge	(202)	625
Deferred tax		
Origination and reversal of timing differences	(34)	(40)
Adjustment in respect of prior periods	194	(123)
Effect of changes in tax rates	(55)	4
Total deferred tax charge/(credit)	105	(159)
Total tax charge on (loss)/profit	(97)	466

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit before taxation	(260)	1,528
Profit before taxation multiplied by effective standard rate of 19.00% (2019: 19.00%)	(49)	290
Expenses not deductible for tax purposes	84	28
Income not taxable	(69)	-
Adjustments from previous periods	(8)	144
Tax rate changes	(55)	4
Rounding's	-	-
Total tax charge on profit/(loss)	(97)	466

Factors that may affect future tax charges

In the budget on 11 March 2020, it was announced that the UK tax rate from the 1 April 2020 would remain at 19%. This was substantively enacted on 17 March 2020. This change has been reflected in these financial statements. On 3 March 2021 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.

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Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Intangible assets

	2020	2019
	£'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 property	Plant and machinery	Fixtures, fittings, tools & equipment	Computer equipment & software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
31 December 2019	1,953	3,791	1,176	35	6,955
Restated 1 January 2020	-	-	-	-	-
Additions	-	33	-	-	33
Disposals	-	-	-	-	-
At 31 December 2020	1,953	3,824	1,176	35	6,988
Accumulated depreciation					
31 December 2019	(1,375)	(3,246)	(1,148)	(35)	(5,804)
Restated 1 January 2020	-	364	-	-	364
Charge for the year	(114)	(133)	(22)	-	(269)
Disposals	-	-	-	-	-
At 31 December 2020	(1,489)	(3,015)	(1,170)	(35)	(5,709)
Net book value at 31 December 2020	464	809	6	-	1,279
Net book value at 31 December 2019	578	545	28	-	1,151

At 1 January 2020 restated amount of £364,000 relates to the unwinding of accumulated depreciation from fixed assets on the balance sheet to retained earnings. In a prior period, the value of £364,000 was booked to

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Notes to the financial statements for the year ended 31 December 2020 (continued)

accumulated depreciation after a mass restatement in the useful life of assets, however, the unwind in depreciation at the time should have been recognised in the profit and loss account.

10 Stocks

	2020	2019
	£'000	£'000
Raw materials	74	127
Work in progress	6,899	6,871
Finished goods	415	503
	<u>7,388</u>	<u>7,501</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 £13,729,084 (2019: £8,176,222).

11 Debtors

	2020	2019
	£'000	£'000
Trade debtors	2,751	3,145
Allowance for doubtful debts	(50)	(13)
Amounts owed by group undertakings	10,969	10,856
Deferred taxation (note 13)	555	660
Other taxation and social security	521	381
Prepayments and accrued income	74	61
	<u>14,820</u>	<u>15,090</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

	2020	2019
	£'000	£'000
Trade creditors	1,303	2,393
Amounts owed to group undertakings	1,756	936
Taxation and social security	152	132
Accruals and deferred income	1,315	1,157
	<u>4,526</u>	<u>4,618</u>

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

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Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Deferred taxation

	2020	2019
	£'000	£'000
Asset as at 1 January	660	501
Profit and loss account charge in current year	(194)	122
Prior year adjustment	89	36
Rounding's	-	1
Asset at 31 December	555	660

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

	2020	2019
	£'000	£'000
Accelerated capital allowances	555	660
Balance at 31 December - Asset	555	660

14 Called up share capital

	2020	2019
	£'000	£'000
Authorised		
9,998,000 (2019: 9,998,000) ordinary A shares of £1 each	9,998	9,998
2,000 (2019: 2,000) ordinary B shares of £1 each	2	2
Total authorised	10,000	10,000

	2020	2019
	£'000	£'000
Allotted and fully paid		
8,009,184 (2019: 8,009,184) ordinary A shares of £1 each	8,009	8,009
528 (2019: 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 2020 (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 £333,000 for 2020 (2019: £294,000). At the end of the year, contributions of £nil (2019: £nil) were outstanding.

16 Leasing commitments

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

	2020 £'000	2019 £'000
Within one year	164	164
Between two to five years	411	407
Over five years	0	165
Total operating commitments	575	736

All leasing commitments relate to land and buildings.

The company had no other financial commitments at 31 December 2020 (2019: £nil).

17 Capital Commitments

As at the 31 December 2020, the company had no capital commitments (2019: Nil).

18 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.

19 Subsequent events

In 2021 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.