

Registered No:
SC226359

OneSubsea Operations Limited

Report and Financial Statements

31 December 2018



Company information

Directors

SW McCloud (appointed 13 April 2018)

S Smoker (appointed 13 April 2018)

Secretaries

G Karathanos

Abogado Nominees Limited

S Smoker (appointed 13 April 2018)

Independent Auditors

PricewaterhouseCoopers LLP

The Portland Building

25 High Street

Crawley, RH10 1BG

Registered Office

Badentoy Avenue

Portlethen

Aberdeenshire

AB12 4YB

Strategic report

Review of the business

The Company's principal activity during the period was to supply engineering products and services to the oil and gas industry. All activity during the year relates to the company's Libya branch.

Turnover from operations during the year at US\$ 46,382,000 represents a 78% decrease from the equivalent comparative period turnover for the 12 months to 31 December 2017 of US\$ 206,693,000. The reduction in year on year turnover is driven by the run of a large project.

The key financial and other operating indicators during the period were as follows:

| | <i>Year ended</i> <i>31 December 2018</i> | <i>Year ended</i> <i>31 December 2017</i> | <i>Change/equivalent</i> <i>comparative</i> <i>change %</i> |
|---------------------|--|--|---|
| | <i>US\$000</i> | <i>US\$000</i> | <i>%</i> |
| Turnover | 46,382 | 206,693 | -78% |
| Gross Profit | 3,217 | 4,035 | -20% |
| Shareholders' funds | 38,612 | 38,874 | -1% |

Principal risks and uncertainties

Given the singular contract and country specific nature of the Company's current activities the key risks and uncertainties relates to its dependence on the OneSubsea Group which is the provider of not only commercial guidance and support but also in the provision of equipment, services and operational support.

As such the principal risks and uncertainties of the Company, and their impact on the Company's future prospects, 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.

As a subsidiary of Schlumberger Limited trading on the NYSE, the Company complies with The Sarbanes-Oxley Act of 2002 and ensures that internal controls are established and functioning and that financial reporting is accurate. Management assess the internal controls at the end of each quarter and fiscal period. In addition, Internal Audit reviews these controls on an ongoing basis. Policies and procedures are also in force and serve to formalise the support for required controls and the execution of ongoing 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.

On behalf of the board,

Simon Smoker
Director



30 September 2019

Directors' report

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

Directors

The present directors of the Company, who have also served as directors throughout the period, are shown on page 1.

Results and dividends

The loss for the year, after taxation, amounted to US\$ 262,000 (year ended 31 December 2017: profit of US\$ 5,688,000). No dividends were paid or proposed during the year (year ended 31 December 2017: US\$ nil).

Future developments

The company depends on the OneSubsea Group which is the provider of commercial guidance and support, in the provision of equipment, services and operational support. Future revenue is likely to remain at a lower level unless further Projects are won in the region.

Foreign Branches

All trading activity in the year relates to the Libya branch of OneSubsea Operations Limited (year ended 31 December 2017: same).

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The directors have considered the company's forecast performance and position for the foreseeable future and expect the company to continue to trade profitably given that it acts as an agent on behalf of OneSubsea UK Ltd. Furthermore, the Schlumberger group has strong financial resources and the company is continuing in its role within the wider Schlumberger group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

Post balance sheet events

No post balance sheet events occurred that require disclosure in these financial statements.

Disclosure of information to the auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken such steps as he should 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.

Independent Auditors

PricewaterhouseCoopers LLP are deemed to be appointed as new auditors in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

On behalf of the board

Simon Smoker
Director



30 September 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of OneSubsea Operations Limited

Report on the audit of the financial statements

Opinion

In our opinion, OneSubsea Operations Limited's financial statements:

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

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

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

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

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

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

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

Reporting on other information

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

Independent auditors' report to the members of OneSubsea Operations Limited (continued)

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

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

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

Strategic Report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of OneSubsea Operations Limited (continued)

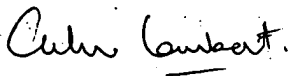
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

30th September 2019

Income statement

for the year ended 31 December 2018

| | | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|------|--------------------------------|--------------------------------|
| | Note | US \$000 | US \$000 |
| Turnover | 2 | 46,382 | 206,693 |
| Cost of sales | | (43,165) | (202,658) |
| Gross profit | | 3,217 | 4,035 |
| Administrative (expenses)/credit | | (1,823) | 2,166 |
| Interest payable and similar expenses | | (3) | - |
| Profit before taxation | 3 | 1,391 | 6,201 |
| Tax on profit | 9 | (1,653) | (513) |
| (Loss)/Profit for the financial year | | (262) | 5,688 |

Statement of comprehensive income

for the year ended 31 December 2018

| | Year ended 31 December 2018 | Year ended 31 December 2017 |
|--|--------------------------------|--------------------------------|
| | US \$000 | US \$000 |
| (Loss)/Profit for the financial year | (262) | 5,688 |
| Other comprehensive income | - | - |
| Total other comprehensive income | - | - |
| Total comprehensive (loss)/ income for the year | (262) | 5,688 |

Statement of changes in equity

for the year ended 31 December 2018

| | Note | Called up share capital US \$000 | Profit and loss account US \$000 | Total equity US \$000 |
|---|------|--|--|--------------------------|
| At 1 January 2017 | | - | 33,186 | 33,186 |
| Profit for the year | 10 | - | 5,688 | 5,688 |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the year | | - | 5,688 | 5,688 |
| At 31 December 2017 | | - | 38,874 | 38,874 |
| Loss for the year | | - | (262) | (262) |
| Other comprehensive income | | - | - | - |
| Total comprehensive loss for the year | | - | (262) | (262) |
| At 31 December 2018 | | - | 38,612 | 38,612 |

Statement of financial position

as at 31 December 2018

| | | 31 December 2018 US \$000 | 31 December 2017 US \$000 |
|---|-------------|------------------------------|------------------------------|
| | Note | | |
| Current assets | | | |
| Stocks | 4 | - | 3,411 |
| Debtors – amounts falling due within one year | 5 | 59,366 | 80,258 |
| Cash at bank and in hand | | 19,295 | 3,619 |
| | | <u>78,661</u> | <u>87,288</u> |
| Creditors - amounts falling due within one year | 6 | (40,049) | (48,414) |
| Net current assets and net assets | | <u>38,612</u> | <u>38,874</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | - | - |
| Profit and loss account | | 38,612 | 38,874 |
| Total shareholders' funds | | <u>38,612</u> | <u>38,874</u> |

The financial statements on pages 8 to 16 were approved for issue by the board and signed on its behalf by:

Simon Smoker
Director



30 September 2019

Notes to the financial statements

for the year ended 31 December 2018

1. Accounting policies

Authorisation of financial statements and statement of compliance with FRS 102

Onesubsea Operations Limited is a limited liability company incorporated in Scotland. The Registered Office is Badentoy Avenue, Portlethen, Aberdeenshire AB12 4YB.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2018. FRS102 has been consistently applied across the current and prior accounting periods.

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The financial statements are prepared in United States Dollars which is the functional currency of the company and are presented to the nearest US \$'000.

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

The Company is considered to be a qualifying entity under FRS 102 (for the purposes of this FRS) due to it being a subsidiary of Schlumberger Limited at the reporting date. As a qualifying entity, the Company has adopted the following disclosure exemptions:

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

The financial statements of Schlumberger Limited are available to the public and are available from the address shown in note 10.

Going Concern

The directors have considered the company's forecast performance and position for the foreseeable future and expect the company to continue to trade profitably given that it acts as an agent on behalf of OneSubsea UK Ltd. Furthermore, the Schlumberger group has strong financial resources and the company is continuing in its role within the wider Schlumberger group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the temporary difference.

Notes to the financial statements (continued)

for the year ended 31 December 2018

1. Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies, and the financial statements of overseas branches, are translated into US Dollars at the rate of exchange ruling at the financial statements date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

Basic financial instruments

Basic financial instruments are initially accounted for at their transaction price except for financing transactions which are measured at the present value of the future payments discounted using a market rate of interest. Subsequently, basic financial instruments are measured as follows:

- i. Debt instruments (receivables and payables) are measured using the effective interest method. For debt instruments expected to be settled within one year, they are measured at the undiscounted amount of cash expected to be received or paid.
- ii. Commitments to make or receive a loan shall be measured at cost less impairment.

Stocks

All stocks relate to work in progress on service contracts and are measured by reference to stage of completion of the anticipated total cost.

Critical accounting judgements and estimates

The company makes judgements and estimates concerning the future. The resulting judgements and estimates will, by definition, seldom equal the related actual results. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. No other items considered.

Debtors impairment

The Company makes an estimate of recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience.

Revenue recognition

The Company generates revenue through long-term construction contracts. Some degree of estimation is required in assessing the revenue and profit to be recognised on these contracts in any particular period. Where a reliable estimate can be made, the estimates are kept accurate through regular (at least quarterly) reviews. More detail is provided in our revenue recognition policy.

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 bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

Notes to the financial statements (continued)

for the year ended 31 December 2018

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

An analysis of turnover by geographical market is given below:

| | <i>Year ended</i> <i>31 December 2018</i> | <i>Year ended</i> <i>31 December 2017</i> |
|--------|--|--|
| | <i>US\$000</i> | <i>US\$000</i> |
| Africa | 46,382 | 206,693 |
| | <u>46,382</u> | <u>206,693</u> |

An analysis of turnover by sales type is given below:

| | <i>Year ended</i> <i>31 December 2018</i> | <i>Year ended</i> <i>31 December 2017</i> |
|-----------------------|--|--|
| | <i>US\$000</i> | <i>US\$000</i> |
| Construction contract | 12,616 | 199,295 |
| Rendering of services | 33,766 | 7,398 |
| | <u>46,382</u> | <u>206,693</u> |

3. Profit before taxation

This is stated after charging /(crediting):

| | <i>Year ended</i> <i>31 December 2018</i> | <i>Year ended</i> <i>31 December 2017</i> |
|---|--|--|
| | <i>US\$000</i> | <i>US\$000</i> |
| Auditors' remuneration - audit services | 12 | 10 |
| Foreign exchange losses/(gains) | 1,104 | (2,311) |
| Debtor provision | 1,122 | - |
| Cost of sales | 43,165 | 202,658 |
| | <u>45,399</u> | <u>202,658</u> |

The directors of the company were also directors of various fellow group companies during the year ended 31 December 2018 and year ended 31 December 2017. Their remuneration is paid by those fellow group companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow group undertakings.

There are no employees in the company; costs in relation to services are recharged from other areas of the group.

Notes to the financial statements (continued)

for the year ended 31 December 2018

4. Stocks

| | <i>31 December 2018</i> | <i>31 December 2017</i> |
|------------------|-------------------------|-------------------------|
| | <i>US\$000</i> | <i>US\$000</i> |
| Work in progress | - | 3,411 |
| | <u>-</u> | <u>3,411</u> |

Stocks recognised as an expense in the year were \$3,411,173 (year ended 31 December 2017: \$106,860,000).

5. Debtors – amounts falling due within one year

| | <i>31 December 2018</i> | <i>31 December 2017</i> |
|--|-------------------------|-------------------------|
| | <i>US\$000</i> | <i>US\$000</i> |
| Trade debtors | 12,753 | 12,690 |
| Amounts due from fellow undertakings | 5 | 5 |
| Amounts recoverable on long term contracts | 45,751 | 67,315 |
| Other debtors | 857 | 248 |
| | <u>59,366</u> | <u>80,258</u> |

Trading transactions between all Schlumberger Limited companies are settled within normal market terms. Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

6. Creditors – amounts falling due within one year

| | <i>31 December 2018</i> | <i>31 December 2017</i> |
|------------------------------------|-------------------------|-------------------------|
| | <i>US\$000</i> | <i>US\$000</i> |
| Payments received on account | 3 | - |
| Trade creditors | - | 116 |
| Amounts due to fellow undertakings | 17,027 | 6,240 |
| Amounts due to parent undertakings | 19,183 | 39,025 |
| Accruals and deferred income | 1,670 | 2,520 |
| Corporation tax payable | 2,166 | 513 |
| | <u>40,049</u> | <u>48,414</u> |

Trading transactions between all Schlumberger Limited companies are settled within normal market terms. Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)

for the year ended 31 December 2018

7. Called up share capital

| | <i>Authorised</i> | | <i>Allotted, called up and fully paid</i> | |
|-----------------------------------|-----------------------------------|-----------------------------------|---|---------------------------------|
| | <i>31 Dec 2018 Number</i> | <i>31 Dec 2017 Number</i> | <i>31 Dec 2018 US\$</i> | <i>31 Dec 2017 US\$</i> |
| "A" Ordinary shares of £0.10 each | 457 | 457 | 67 | 67 |
| Ordinary shares of £0.10 each | 1,180 | 1,180 | 173 | 173 |
| | <u>1,637</u> | <u>1,637</u> | <u>240</u> | <u>240</u> |

8. Reserves*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

9. Tax on profit***Tax on profit on ordinary activities****The tax charge is made up as follows:*

| | <i>Year ended 31 December 2018 US\$000</i> | <i>Year ended 31 December 2017 US\$000</i> |
|--|--|--|
| Current tax: | | |
| UK corporation tax on profits for the period | - | 495 |
| Foreign tax relief/other relief | - | (495) |
| | <u>-</u> | <u>-</u> |
| Foreign tax suffered | 1,653 | 513 |
| Total current tax | <u>1,653</u> | <u>513</u> |
| Total tax per income statement | <u>1,653</u> | <u>513</u> |

Notes to the financial statements (continued)

for the year ended 31 December 2018

9. Tax on profit (continued)

The charge for the year/period can be reconciled to the profit per the income statement as follows:

| | <i>Year ended</i> <i>31 December 2018</i> <i>US\$000</i> | <i>Year ended</i> <i>31 December 2017</i> <i>US\$000</i> |
|--|--|--|
| Profit before taxation | 1,391 | 6,201 |
| Tax on profit at standard UK tax rate of 19.00% (2017:19.25%) | 264 | 1,194 |
| Effects of: | | |
| Effects of group relief | 186 | (561) |
| Transfer pricing adjustments | (136) | (138) |
| Effects of overseas tax | 1,339 | 18 |
| Total tax charge for the year/period | 1,653 | 513 |

Overseas tax represents Libyan branch tax based on its results.

Factors that will affect future tax charges

Finance Act No.2 2015 included provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 31 December 2018.

10. Parent undertaking and ultimate parent company

The company's immediate parent undertaking is OneSubsea UK Limited, a company registered in England. 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.