Registered number: 00931022

Murphy Technical Services Limited

(Previously called Pipeline Testing Services Limited)

Directors' report and financial statements

For the year ended 31 December 2020

Murphy Technical Services Limited

Contents

Directors and advisers

Directors	John Murphy Joseph Ledwidge
Company secretary	JP Murphy
Registered number	00931022
Registered office	Hiview House Highgate Road London NW5 1TN
Independent auditors	RSM UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN

Directors' report
for the year ended 31 December 2020

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

Principal activities

The principal activity of the company during the year was that of electrical installation.

Review of the business

The key financial highlights were as follows:

	2020	2019
	£	£
Turnover	**773,333**	-
Profit before taxation	**57,906**	-
Total shareholder's funds	**68,836**	10,930

Results and dividends

On 11th February 2020, the Company's name was changed from Pipeline Testing Services Limited to Murphy Technical Services Limited. This was the Company's first year of trading.

The profit for the financial year amounted to £57,906 (2019: £nil). The turnover relates to electrical installation.

The directors do not recommend the payment of a dividend (2019: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

David Burke	(resigned 23 September 2020)
John Murphy	
Joseph Ledwidge	(appointed 1 February 2021)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Going concern

The Company's directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the parent undertaking J. Murphy & Sons Limited. J. Murphy & Sons Limited has confirmed its ongoing financial support in writing for a period of at least twelve months from the date of approval of the financial statements, which the directors believe to be sufficient to ensure the company can meet its liabilities as they fall due.

The directors have considered what impact the Covid-19 pandemic will have on the Group headed by J. Murphy & Sons Limited and prepared cashflow forecasts for the period to December 2022 (the review period), showing a base case, a downside scenario and a reverse stress test. The key assumptions in the base case relate to the level of margin generated from secured contracts, settlement of contractual discussions and disputes, government assistance on Covid-19 related schemes, capital expenditure on plant, and short-term working capital needs. The base case demonstrates comfortable levels of cash resources throughout the review period. Performance in 2021 to date is in line with the Base case. The downside scenario demonstrates the effect of reduced order intake and reduced margin. The downside scenario was designed to demonstrate a pessimistic downside and shows that sufficient cash headroom can be maintained throughout the review period. The reverse stress test was designed to determine what would have to happen to fully deplete existing cash resources. This scenario is considered remote given the cash resources of the company, the strength of the underlying infrastructure business, the existing order book, and the quality of forecasting and contract management procedures.

Based on the confirmation of support received from J. Murphy & Sons Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of the financial statements.

Future developments and outlook

The company is actively seeking to secure further work under electrical contracts to which it is a party. The impact of the coronavirus (Covid-19) on the public health and economy of the UK continues to develop and to date has not has a material negative impact on the Company's future operations. The Board will monitor the impact on the Company and take this into account when making investment decisions.

Principal risks and uncertainties disclosure

Principal business risks are managed through the Company's operating structure, and operating and commercial reviews held with senior management. This process is under ongoing review and improvement, under the oversight of the J. Murphy Group independent audit committee. Impairment risk is closely monitored arising from assets in use by the Company, which are depreciated and regularly checked.

The Company's directors recognise the competitive nature of tendering in the sector, but believes the Company has robust methodologies in place to understand and manage the risks which may influence project outcomes. As with any business, the company is exposed to a certain level of credit risk from our clients, but this is mitigated through regular credit checks and updates before working with clients.

The UK's decision to exit from the EU ("Brexit") has created significant macro-economic uncertainty. However, the impact of Brexit on the business, both in the UK and Ireland, is not of significant concern to the directors. The Board will continue to monitor access to necessary skills, resources and suppliers that the business relies on.

Financial risk management

The company manages its financial risks, primarily cashflow, through J. Murphy & Sons Group banking facilities. The company participates in group banking and credit arrangements through which financial risks are managed. The company therefore has no material interest rate, currency or liquidity risk.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

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;
- 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 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 him to ensure that the financial statements comply with the Companies Act 2006.

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.

Directors' report (continued)
For the year ended 31 December 2020

Statement of disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware and having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Small companies' exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available under S414B of the Companies Act 2006 in not preparing a strategic report.

Independent auditors

RSM UK Audit LLP were appointed as the auditor to the Company during the year. At the next General Meeting, it will be proposed for the auditors, RSM UK Audit LLP are re-appointed in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board on 08/09/2021 and signed on its behalf.

J Ledwidge
Director

Independent auditors' report to the members of Murphy Technical Services Limited

Opinion
We have audited the financial statements of Murphy Technical Services Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
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.

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Independent auditors' report to the members of Murphy Technical Services Limited (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page x, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Independent auditors' report to the members of Murphy Technical Services Limited (continued)

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

We have not identified any significant indirect laws and regulations critical to the company's operations.

The audit engagement team identified the risk of management override of controls and management bias in accounting estimates relating to revenue recognition on long term contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates relating to revenue recognition on long term contracts by challenging assumptions and judgements made by management in relation to contract accounting, including the expected margin through assessment of post year end performance and stage of completion, through discussions with the relevant individuals and inspection of year end valuations.

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

Other matters which we are required to address
The company was exempt from an audit in the year ended 31 December 2019 and consequently the corresponding figures are unaudited.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

NICHOLAS CATTINI (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN
Date 20 September 2021

Profit and loss account
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	5	**773,333**	-
Cost of sales		**(712,626)**	-
Gross profit		**60,707**	-
Administrative costs		**(2,801)**	-
Profit before taxation		**57,906**	-
Tax on profit	8	**-**	-
Profit for the financial year		**57,906**	-

All amounts above relate to continuing operations.

The company has no recognised gains or losses other than those included in the results above, and therefore no separate Statement of comprehensive income has been presented.

The notes on pages 11 to 16 form part of these financial statements.

Murphy Technical Services Limited

Registered number: 00931022

Balance sheet
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Current assets					
Debtors	9	**471,510**		10,930	
Cash at bank		**54,185**		-	
		525,695		10,930	
Creditors: amounts falling due within one year	10	**(456,859)**		-	
Net current assets			**68,836**		10,930
Net assets			**68,836**		10,930
Capital and reserves					
Called up share capital	11		**24,000**		24,000
Retained earnings			**44,836**		(13,070)
Total shareholder's funds			**68,836**		10,930

The financial statements were approved and authorised for issue by the board on 08/09/2021 and were signed on its behalf by

J Ledwidge
Director

The notes on pages 11 to 16 form part of these financial statements.

Murphy Technical Services Limited

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

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2020	**24,000**	**(13,070)**	**10,930**
Comprehensive income for the year			
Profit for the financial year	-	**57,906**	**57,906**
At 31 December 2020	**24,000**	**44,836**	**68,836**

Statement of changes in equity
For the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2019	**24,000**	**(13,070)**	**10,930**
Comprehensive income for the year			
Profit for the financial year	-	-	-
At 31 December 2019	**24,000**	**(13,070)**	**10,930**

The notes on pages 11 to 16 form part of these financial statements.

1. General information

Murphy Technical Services Limited undertakes electrical installation.

The company is privately owned and limited by shares. The company is incorporated and domiciled in England and Wales and its registered office is Hiview House, Highgate Road, London, NW5 1TN. The company was previously known as Pipeline Testing Services Limited.

2. Statement of compliance

The financial statements of Murphy Technical Services Limited have been prepared in compliance with applicable accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Basis of preparation of financial statements

The financial statements are presented in pounds sterling which is also the functional currency of the company. The financial statements have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

3.2 Going concern

The Company's directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the parent undertaking J. Murphy & Sons Limited. J. Murphy & Sons Limited has confirmed its ongoing financial support in writing for a period of at least twelve months from the date of approval of the financial statements, which the directors believe to be sufficient to ensure the company can meet its liabilities as they fall due.

The directors have considered what impact the Covid-19 pandemic will have on the Group headed by J. Murphy & Sons Limited and prepared cashflow forecasts for the period to December 2022 (the review period), showing a base case, a downside scenario and a reverse stress test. The key assumptions in the base case relate to the level of margin generated from secured contracts, settlement of contractual discussions and disputes, government assistance on Covid-19 related schemes, capital expenditure on plant, and short-term working capital needs. The base case demonstrates comfortable levels of cash resources throughout the review period. Performance in 2021 to date is in line with the Base case. The downside scenario demonstrates the effect of reduced order intake and reduced margin. The downside scenario was designed to demonstrate a pessimistic downside and shows that sufficient cash headroom can be maintained throughout the review period. The reverse stress test was designed to determine what would have to happen to fully deplete existing cash resources. This scenario is considered remote given the cash resources of the company, the strength of the underlying infrastructure business, the existing order book, and the quality of forecasting and contract management procedures.

Based on the confirmation of support received from J. Murphy & Sons Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of the financial statements.

3. Summary of significant accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain financial statements disclosure exemptions, , under the reduced disclosure regime, subject to certain conditions, which have been complied with by the Company

The company has taken advantage of the following exemptions:

- Under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows;
- From disclosing the company's key management personnel compensation as required by FRS 102 para 33.7;
- From disclosing certain financial instruments disclosures, required under FRS 102 para 11.39 to 11.48A and para 12.26 to 12.29; and
- From disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A of FRS 102.

The financial statements of the Company are consolidated in the financial statements of J Murphy & Sons Limited. The consolidated financial statements of J Murphy & Sons Limited are available from its registered office, Hiview House, Highgate Road, London, NW5 1TN.

3.4 Amounts recoverable on contracts / Payments on account

Amounts recoverable on contracts are valued at cost plus attributable profit, less anticipated future losses to completion. Cash received on account has been deducted to show amounts recoverable on contracts which are included in debtors. Where cash received exceeds the revenues receivable based on work performed to date, the balance is included as payments received on account within creditors. The amount by which accruals or provisions for foreseeable losses exceed any amounts recoverable on contracts, after transfer to cost of sales, is included within creditors.

3.5 Revenue recognition

Revenue comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from construction and similar contracts is recognised on an individual contract basis based on the level of work performed, as estimated by the percentage of costs incurred against total forecast cost, taking into account expected contract profitability. This method relies on estimates of total expected contract turnover and costs, as well as reliable measurement of the progress made towards completion. Claims and variations are included in contract turnover only when negotiations have reached an advanced stage such that it is probable that the claim will be recoverable.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Where the outcome of a contract cannot be estimated reliably, costs are expensed in full when incurred and revenue is only recognised to the extent that it is probable that it will be recoverable. Profit is only recognised on a construction contract when the final outcome can be reliably estimated.

Recognised revenue and profits are subject to revision during the contract if the assumptions regarding the overall contract outcome are changed. The cumulative impact of a revision in estimates is recorded in the period in which such revisions become likely and can be estimated. Where the actual and anticipated estimated costs to completion exceed the estimated turnover for a contract, the total amount of the expected loss is recognised immediately.

3.6 Financial instruments

(a) Trade debtors and other receivables

Trade debtors and other receivables are stated initially at fair value and subsequently measured at amortised cost less impairment losses. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms with the counterparty. Any losses arising from impairment are recognised in the profit and loss account.

(b) Trade creditors and other payables

Trade creditors and other payables with no stated interest rate are stated initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method. Any changes in fair value are recognised in the profit and loss account.

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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.

(a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(b) 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. 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 year end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are only offset if the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax asset and deferred tax liability relate to income taxes covered by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current or deferred taxation assets and liabilities are not discounted.

3.8 Share capital

Ordinary shares are classified as equity and recorded at the value of consideration received. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Critical accounting judgements and estimation uncertainty

In the preparation of the financial statements management makes certain judgements and estimates that impact the financial statements. While these judgements are continually reviewed the facts and circumstances underlying these judgements may change resulting in a change to the estimates that could impact the results of the Company.

The Company also makes estimates and judgements concerning the future. The resulting accounting estimates and judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on amounts recognised in the financial statements are as follows:

a) Revenue recognition and contract losses

Revenue is recognised based on an estimate of the contract progress to date, on a contract-by-contract basis in accordance with the terms of the contract. This is usually measured by reference to the ratio of current costs incurred to an estimate of the total costs to complete the contract. Contract profit on the revenue recognised and any anticipated contract losses are recorded in the period using estimations for total contract revenue (including variations) and the aforementioned estimate of total costs to complete, which take into account likely contract risks. In the early stages of a contract profit is recognised cautiously reflecting the early maturity of the contract's risk profile. The estimates for revenue and profit recognition involve considerable degrees of management judgement (for example, timeframe to completion, contract variations, technical complexity of risks, subcontractor claims), which are regularly reviewed in light of new information and so will result in changes to the level of revenue and profit recognised in the next financial year.

b) Carrying value of amounts receivable on contracts

The Company makes an estimate of the recoverable value of amounts recoverable on contracts (see note 9). When assessing impairment of amounts recoverable on contracts, management considers factors including the current credit rating of the customers, the ageing profile and historical experience. Allowances for doubtful debt provisions against billed debtors, amounts recoverable on contracts and other receivables are made on a specific basis, based on estimates of recoverability determined by market knowledge and past experience.

5. Turnover

Turnover represents the income earned relating wholly to the Company's principal activity of electrical installations and is stated exclusive of value added tax. All Turnover arose in the United Kingdom.

6. Audit fees

Auditors' remuneration of £12,000 (2019 - £nil) was borne by another group company, J. Murphy & Sons Limited. There were no non-audit fees paid to the auditor (2019: £nil)

7. Employee information

The Company did not directly employ any staff during the year (2019: none).

There was no remuneration paid to the directors by the company during the year (2019: £nil).

8. Tax on profit

	2020	2019
	£	£
Corporation tax		
Current tax on profit for the year	-	-
Tax on profit	-	-

There was no current or deferred tax charge during the year (2019: £nil).

Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2019 – 19%) as set out below:

	2020	2019
	£	£
Profit before tax	57,906	-
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	11,002	-
Effects of:		
Group relief claimed	(11,002)	(-)
Total tax charge for the year	-	-

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

In the spring budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, the effect has not been included in these financial statements.

9. Debtors

	2020	2019
	£	£
Amounts owed by fellow group undertakings	-	10,930
Amounts recoverable on contracts	471,510	-
	471,510	10,930

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

10. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	54,186	-
Amounts owed to fellow group undertakings	290,027	-
Other taxation	7,259	-
Payments received on account and amounts accrued on contract	-	-
Accruals and deferred income	105,387	-
	456,859	-

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

11. Called up share capital

	2020	2019
	£	£
Allotted called up and fully paid		
24,000 (2019 – 24,000) Ordinary share of £1 each	24,000	24,000

12. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, not to disclose relevant related party transactions on the grounds that at 31 December 2020 it was a wholly owned subsidiary.

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is J. Murphy & Sons Limited. J. Murphy & Sons Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of J. Murphy & Sons Limited can be obtained from Hiview House, Highgate Road, London, NW5 1TN.

Drilton Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Drilton Limited are available from Hiview House, Highgate Road, London, NW5 1TN.

In the opinion of the directors the ultimate parent undertaking and ultimate controlling party is Maryland Limited, a company incorporated in Bermuda. Maryland Limited is controlled by a Murphy family trust.