

Registered number: 00986181

Murphy Plant Limited

**Strategic Report, Directors' Report and
Financial Statements for the year ended
31 December 2021**

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Murphy Plant Limited

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Murphy Plant Limited**Directors and advisors****Directors**

John Murphy
Joseph Ledwidge
Michael Carpenter

Company secretary

John Patrick Murphy

Registered number

00986181

Registered office

Hiview House
Highgate Road
London
NW5 1TN
United Kingdom

Independent auditors

RSM UK Audit LLP
Chartered Accountants
Third Floor, Priory Place
New London Rd
Chelmsford, Essex
CM2 0PP

Murphy Plant Limited

Strategic report For the year ended 31 December 2021

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

Principal activity

The principal activity of the Company during the year was the hire of construction plant, machinery and equipment to group companies and third party customers in the United Kingdom.

Review of the business

The key financial highlights are as follows:

	2021 £	2020 £
Turnover	86,136,764	75,651,248
Profit before tax	11,408,102	6,921,867
Net assets	7,466,424	24,396,113

Results

Revenue increased 14% during the year to £86.1m (2020: £75.7m). This was due to increase demand for plant hire within the J Murphy and Sons Limited group.

The profit for the year after taxation was £11.1m (2020: £6.1m). The increase in profit after tax compared to 2020 is driven by profit on disposal of assets as well as higher turnover. Management focused on reducing cross hire for the company in order to maintain the gross margin percentage despite increases in turnover.

The increase in receivables from related group undertakings reflects an increase in activity across those entities which drives an increased demand for plant hire. The additions to tangible assets show the Company's commitment to continue to invest in plant and machinery. The increase in creditors and decrease in net assets are a result of dividends declared of £28,000,000 (2020: £nil) to its immediate parent company, J Murphy and Sons Limited.

Future developments and outlook

The Company is making progress against its long-term strategy, to improve profitability and increase the net asset value with sustainable long-term growth. As part of that platform for growth, the Company will continue to invest in new plant, machinery and equipment to support the Murphy Group's UK operations using a blend of cash generated from profits and finance leases which it considers to be an effective use of capital. The impact on the UK of increased levels of inflation, Brexit and the emergence from the coronavirus (Covid-19) pandemic could have an impact on the future profitability of Company. The Board will monitor the impact on the Company and take this into account when making investment decisions.

Principal risks and uncertainties

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 & Sons Limited Group audit committee. The Company's clients are primarily Group companies and therefore the directors believe that there is no material credit risk. Impairment risk is closely monitored through the review of utilisation of assets made available by the Company.

Murphy Plant Limited

Strategic report (continued) For the year ended 31 December 2021

Section 172 Companies Act

This statement sets out how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when they consider the most likely way to promote the success of the Company for the benefit of its members as a whole.

The directors consider that the interests of its sole shareholder are to promote a sustainable, profitable and cash generative business for the benefit of the Murphy family. The directors consider that the current business strategy supports this purpose and is taken into account when reviewing the annual business plan.

The directors note that the long-term success of the wider Murphy Group business since its incorporation has been underpinned by its relationships with its employees, its customers, its supply chain and other stakeholders. The directors note that the nature of many of these relationships have been long term.

The directors have agreed Company objectives relating to the health and safety heatmap score of the Company. The heat map scorecard is a balanced scorecard of health and safety measures with a range from -6 to +6 and a target of +4 or above. The aim is to benchmark performance and encourage a balanced approach to behaviours and focus in key areas. This, and other objectives are reviewed at every board meeting to monitor the performance of the business against core value of the Murphy Group.

The directors consider it is important to create a working environment where employees want to work and remain as part of the overall strategy of the Company. The directors have agreed company objectives relating to the retention of employees and the number of apprentices employed. The focus on employee retention has had a positive impact and improved employee retention. We regularly communicate with our people via a number of channels including team briefings and town halls.

The directors supported the development of the Social Value and Climate Action plans as part of the renewed Sustainability Policy during the year for the Murphy Group. The directors consider the key actions in the Social Value and Climate Action plans will enhance the relationship the business has with the communities in which it works. Further details about the Murphy Groups commitment to social value and climate action can be found in the 2021 J Murphy and Sons Limited financial statements.

This report was approved by the board on 07/06/2022 and signed on its behalf.



J Ledwidge
Director

Murphy Plant Limited

Directors' report For the year ended 31 December 2021

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

Dividends

During the year, a dividend of £28m was declared (2020: £Nil).

Directors

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

John Murphy
Joseph Ledwidge (appointed 1 February 2021)
Michael Carpenter

Financial risk management

The Company manages its financial risks, primarily cashflow, through J. Murphy and Sons Group banking facilities. The Company has no bank debt at year end and continues to use finance leases to fund plant and equipment renewals which it considers to be a more effective use of capital than outright cash purchase.

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 increased levels of inflation and the emergence from the Covid-19 pandemic will have on the Group headed by J. Murphy & Sons Limited and prepared cashflow forecasts for the period to December 2023 (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, 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 2022 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.

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Directors' report (continued) For the year ended 31 December 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including 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 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. 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.

Matters of strategic importance

An indication of the likely future developments of the Company are provided in the Strategic report of Murphy Plant Limited's immediate parent company, J Murphy & Sons Limited.

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.

Independent auditors

At the next General Meeting, it will be proposed for the auditors, RSM UK Audit LLP be re-appointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 07/06/2022 and signed on its behalf.



J Ledwidge
Director

Independent auditors' report to the members of Murphy Plant Limited

Opinion

We have audited the financial statements of Murphy Plant Limited (the 'company') for the year ended 31 December 2021 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 2021 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.

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.

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 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.

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

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 and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' and strategic reports have 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 or the strategic report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Murphy Plant Limited

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

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.

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.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected legal costs, board minutes, and other relevant sources for evidence of undisclosed issues.

The audit engagement team identified the risk of management override of controls as the area 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.

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.

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

Third Floor, Priory Place

New London Rd

Chelmsford, Essex

CM2 0PP

08/06/22

Murphy Plant Limited
Profit and loss account
For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	86,136,764	75,651,248
Cost of sales		(76,869,803)	(68,046,760)
Gross profit		9,266,961	7,604,488
Profit on sale of fixed assets	6	4,783,257	1,961,542
Administrative costs		(1,397,495)	(1,631,522)
Operating profit	6	12,652,723	7,934,508
Interest payable and similar expenses	10	(1,244,621)	(1,012,641)
Profit before taxation		11,408,102	6,921,867
Tax charge on profit	11	(337,791)	(796,632)
Profit for the financial year and total comprehensive income		11,070,311	6,125,235

All amounts above relate to continuing operations.

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

The notes on pages 12 to 22 form part of these financial statements.

Murphy Plant Limited**Registered number: 00986181****Balance sheet
As at 31 December 2021**

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		47,697,140		49,037,596
			<u>47,697,140</u>		<u>49,037,596</u>
Current assets					
Stocks	13	48,801		94,615	
Debtors	14	48,596,949		28,577,180	
		<u>48,645,750</u>		<u>28,671,795</u>	
Creditors: amounts falling due within one year	15	(73,289,110)		(36,645,723)	
Net current liabilities			<u>(24,643,360)</u>		<u>(7,973,928)</u>
Creditors: amounts falling due after more than one year	16		(15,587,356)		(16,667,555)
Net assets			<u>7,466,424</u>		<u>24,396,113</u>
Capital and reserves					
Called up share capital	18		100		100
Retained earnings			7,466,324		24,396,013
Total shareholders' funds			<u>7,466,424</u>		<u>24,396,113</u>

The financial statements on pages 9 to 22 were approved and authorised for issue by the board and were signed on its behalf on 07/06/2022 by:



Joe Ledwidge
Director

The notes on pages 12 to 22 form part of these financial statements.