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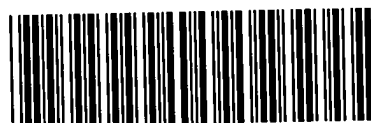
Murphy OHL Limited

(Formerly Murphy Eltel JV Limited)

Annual report and financial statements

For the year ended 31 December 2021

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Murphy OHL Limited

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Murphy OHL Limited

Directors and advisers

Directors

Graham Carr
Paul Grammer
Joseph Ledwidge

Company secretary

Nancy Walmsley

Registered number

07966837

Registered office

Hiview House
Highgate Road
London
NW5 1TN

Independent auditors

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

Bankers

NatWest Bank PLC
16 South Parade
Nottingham
NG1 2JX

Murphy OHL 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 activities

The principal activities of the company during the year remained those of construction, repairs and upgrade work to electricity pylons and conductors.

Review of the business

The key performance indicators are as follows:

	2021 £	2020 £
Turnover	10,477,864	1,932,273
Profit / (loss) before tax	4,345,063	(379,383)
Net assets	5,539,130	1,190,084

Results and dividends

Management's main KPI measure is centered on contract performance and profitability. The profit before taxation of £4,345,063 (2020: loss of £379,383) shows significant improvement compared to 2020. The turnover for the company has increased to £10,477,864 (2020: £1,932,273) due to contractor's decision to stop works in 2020 and postpone them to 2021, which has improved the profitability of the company.

Future developments and outlook

The company continues to concentrate its operations on the core activities noted above. The impact of the current levels of inflation and the emergence from the coronavirus (Covid-19) pandemic in the UK could have a 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

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 directors recognise the competitive nature of tendering in the sector, but believe 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.

At the date of approving the financial statements, the UK economy is experiencing higher levels of inflation as well as the emergence from COVID-19 pandemic. These factors could have a negative impact on the Company's operations as well as the supply chain. To date, the Company has not been adversely affected however, the directors continue to monitor and will use the latest information to make decisions about future strategy of the company.

This report was approved by the board on 20/05/2022 signed on its behalf.



J Ledwidge
Director

Murphy OHL Limited

Directors' report

For the year ended 31 December 2021

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

The company changed its name from Murphy Eltel JV Limited to Murphy OHL Limited on 6 October 2021.

Results and dividends

The profit after tax for the financial year amounted to £4,349,046 (2020: -£390,871).

The directors do not recommend the payment of a dividend (2020: £nil).

Section 414(C) disclosure

In accordance with S414(C) of the Companies Act 2006, matters relating to future developments, financial risk management, and principal risks and uncertainties have been given in the strategic report.

Directors

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

Graham Carr
Paul Grammer
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.

Statement of directors' responsibilities in respect of the financial statements

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

Murphy OHL Limited

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

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.

Matters of strategic importance

An indication of the likely future developments of the Company are provided in the Strategic report of Land and Marine Engineering 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 is obliged to take as a director in order to make himself 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 are re-appointed in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board on 20/05/2022 and signed on its behalf.



J Ledwidge
Director

Independent auditor's report to the members of Murphy OHL Limited

Opinion

We have audited the financial statements of Murphy OHL 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 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 and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Murphy OHL Limited (continued)

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; and
- 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 3, 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.

Independent auditor's report to the members of Murphy OHL Limited (continued)

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.

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.

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

Date

20/05/22

Murphy OHL Limited

**Profit and loss account
For the year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	5	10,477,864	1,931,640
Cost of sales		(6,115,840)	(2,154,059)
Gross profit / (loss)		4,362,024	(222,419)
Administrative costs		23,756	(156,964)
Operating profit/ (loss)	6	4,385,780	(379,383)
Loss on exchange - Unrealised		(40,717)	-
Profit/ (loss) before taxation	6	4,345,063	(379,383)
Tax on profit / (loss)	10	3,983	(11,488)
Profit/ (loss) for the financial year and total comprehensive income		4,349,046	(390,871)

All amounts above relate to continuing operations.

The company has no recognised gains and 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 18 form part of these financial statements.

Murphy OHL Limited**Registered number: 07966837****Balance Sheet
As at 31 December 2021**

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	11		-		832,376
			-		832,376
Current assets					
Debtors: amounts falling due within one year	12	5,152,652		2,015,818	
Cash at bank and in hand		2,349,641		7,879,620	
		7,502,293		9,895,438	
Creditors: amounts falling due within one year	13	(1,963,163)		(9,537,730)	
Net current assets			5,539,130		357,708
Total assets less current liabilities			5,539,130		1,190,084
Net assets			5,539,130		1,190,084
Capital and reserves					
Called up share capital	14		531,000		531,000
Retained earnings			5,008,130		659,084
Total shareholders' funds			5,539,130		1,190,084

The financial statements were approved and authorised for issue by the board on 20/05/2022 and were signed on its behalf by:



J Ledwidge
Director

The notes on pages 11 to 18 form part of these financial statements.

Murphy OHL Limited

**Statement of changes in equity
For the year ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2021	531,000	659,084	1,190,084
Comprehensive income for the year			
Profit for the financial year	-	4,349,046	4,349,046
At 31 December 2021	531,000	5,008,130	5,539,130

**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	531,000	1,049,955	1,580,955
Comprehensive loss for the year			
Loss for the financial year	-	(390,871)	(390,871)
At 31 December 2020	531,000	659,084	1,190,084

The notes on pages 11 to 18 form part of these financial statements.

Murphy OHL Limited

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

1 General information

Murphy OHL Limited ("the Company") undertakes construction, repairs and upgrade work to electricity pylons and conductors. The company changed its name from Murphy Eltel JV Limited to Murphy OHL Limited on 6 October 2021.

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.

2 Statement of compliance

The financial statements of Murphy OHL 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 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 prepared in pounds sterling, rounded to the nearest whole pound, which is the functional currency of the company. The financial statements have been prepared on a 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 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions under the reduced disclosure regime, subject to certain conditions, which have been complied with the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- Under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity, J. Murphy & Sons Limited, includes the company's cash flows in its own consolidated financial statements;
- 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, as the information is provided in the consolidated financial statement disclosures; 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.

**Notes to the financial statements
For the year ended 31 December 2021**

3 Accounting policies (continued)

3.3 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.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and short term deposits held with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.5 Financial instruments

(a) Trade debtors, amounts owed from group and related undertakings and other receivables

Trade debtors, amounts owed from group and related undertakings and other receivables with no stated interest rate are stated initially at the transaction price and subsequently measured at their amortised cost less impairment. 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 trade debtor. Trade debtors are stated net of provision for impairment. Any losses arising from impairment are recognised in the profit and loss account.

(b) Trade creditors, amounts owed to group undertakings and other payables

Trade creditors, amounts owed to group undertakings 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.

3.6 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.

**Notes to the financial statements
For the year ended 31 December 2021**

3 Accounting policies (continued)

3.7 Revenue Recognition

Revenue comprises revenue recognised by the Company in respect of goods and 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.

3.8 Taxation

Taxation expense for the year 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 year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

**Notes to the financial statements
For the year ended 31 December 2021**

3 Accounting policies (continued)

3.8 Taxation (continued)

(b) Deferred tax (continued)

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 liability 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 amount of deferred tax liabilities or assets are expected to be settled or recovered.

Current or deferred taxation assets and liabilities are not discounted.

3.9 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 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 trade debtors, amounts recoverable on contracts and other receivables

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

Murphy OHL Limited

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

5 Turnover

Turnover represents the income earned relating wholly to the Company's principal activity, that of construction and other civil engineering services, and is stated exclusive of value added tax.

6 Operating profit

	2021	2020
	£	£
The operating profit is stated after charging:		
Depreciation of the tangible fixed assets (Note 11)	176,031	347,787
Net foreign exchange differences	40,717	9,530
Staff-related costs (note 8)	1,824,284	882,684

7 Audit fees

Auditors' remuneration of £4,400 (2020: £24,000) was borne by another group company in 2021, J. Murphy & Sons Limited. There were no non-audit fees paid to the auditors (2020: £nil).

8 Staff-related costs

The company does not directly employ any staff (2020: none). There is a charge from J. Murphy & Sons Limited, a related party, in relation to time spent by employees of J. Murphy & Sons Limited on the provision of services for production and administration activities undertaken by Murphy OHL Limited, totaling £1,824,284 (2020: £882,684).

9 Directors' remuneration

There was no remuneration paid to the directors by the company during the year (2020: £nil), nor are there any other benefits accruing in favor of directors (2020: none). The directors are employed under employment contracts with the company's parent undertaking, J. Murphy & Sons Limited. There is no specific recharge or other amounts either payable to the directors, or any third party, for the provision of directors' services to the company (2020: £nil).

Murphy OHL Limited

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

10 Tax on profit

	2021 £	2020 £
Total current tax		
Adjustments in respect of previous periods	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	(3,983)	12,839
Effect of changes in tax rates	-	(1,351)
Total deferred tax (credit) / charge	(3,983)	11,488
Tax (credit) / charge on profit	(3,983)	11,488

Factors affecting the tax credit for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2020 – 19%) as set out below:

	2021 £	2020 £
Profit / (loss) before tax	4,345,063	(379,383)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	825,562	(72,083)
Effects of:		
Tax rate changes	-	(1,352)
Adjustment from previous periods	(3,983)	-
Effects of group relief	(823,667)	-
Deferred tax previously not provided	-	84,923
Total tax (credit) / charge for the year	(3,983)	11,488

Deferred tax in respect of unused tax losses carried forward of £112,888 (2020: £77,162) has not been recognised as there is insufficient evidence of future taxable profits against which the asset is recoverable.

Factors that may affect future tax charges

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 and its effect is included in these financial statements where applicable.

The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Murphy OHL Limited
Notes to the financial statements
For the year ended 31 December 2021

11 Tangible assets

	Plant and machinery £	Total £
Cost or valuation		
At 1 January 2021	4,325,163	4,325,163
Additions	-	-
Disposals	(4,325,163)	(4,325,163)
At 31 December 2021	-	-
Accumulated depreciation		
At 1 January 2021	3,492,787	3,492,787
Charge for the year	176,031	176,031
Disposals	(3,668,818)	(3,668,818)
At 31 December 2021	-	-
Net book value		
At 31 December 2021	-	-
At 31 December 2020	832,376	832,376

12 Debtors: Amounts falling due within one year

	2021 £	2020 £
Retentions from third party customers	1,023,488	1,970,504
Trade debtors	93,818	45,314
Amounts owed by group undertakings	4,035,346	-
	5,152,652	2,015,818

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

Murphy OHL Limited

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

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	88,407	159,069
Amounts owed to fellow group undertakings	-	640,994
Other tax and social security	202,609	68,811
Other creditors	55,923	-
Accruals	339,865	503,090
Payments received on account and amounts accrued on contracts	1,276,359	8,165,489
	<u>1,963,163</u>	<u>9,537,453</u>

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

14 Called up share capital

	2021 £	2020 £
Authorised, allotted and fully paid		
531,000 (2020: 531,000) Ordinary share of £1 each	<u>531,000</u>	<u>531,000</u>

15 Related party transactions

The Company was subsidiary of J. Murphy and Sons Limited at 31/12/2021 and is related to the Folgate Holdings Limited Group ("Folgate") through a common ultimate parent undertaking.

The amounts owed by the related companies at 31 December 2021 are £nil (2020: £641,000). The amounts owed to the related parties at 31 December 2021 are £nil (2020: £nil).

During the year the company did not incur any expense from the related party (2020: £975,000).

16 Contingent liabilities

The Company is subject to composite guarantees held by the Company's bankers in respect of the banking facilities of the J. Murphy & Sons Limited group of companies, for which no provision has been made in the financial statements.

17 Ultimate controlling party and parent undertaking

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 2021. 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 2021. 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.