

Company Registration No. 1916346

MURPHY LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST AUGUST, 2010

SATURDAY



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MURPHY LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st August, 2010.

RESULTS & BUSINESS REVIEW

The key financial highlights are as follows:-

	<u>2010</u>	<u>2009</u>
Turnover	58,480,335	72,203,449
Turnover - exceptional	4,398,409	-
	-----	-----
	£62,878,744	£72,203,449
	=====	=====
Profit after tax	£6,110,133	£525,854
	=====	=====
Shareholders' funds	£11,219,155	£5,109,022
	=====	=====

Notwithstanding a reduction in annual turnover, the company has benefited within this trading year from the improvement of several long term trading relationships with a number of different clients. Together with the successful implementation of a range of new business processes and IT systems, this has resulted in the company realising a strong year end position.

The directors are satisfied with the profit for the year after adjusting for the effects of the exceptional turnover. They are confident that by continuing with its programme of internal reform and developing relationships with new and existing customers, this underlying continuous improvement in profitability during recent years can be sustained.

The company's main business is long term maintenance contracts on behalf of the utility companies. In conjunction with the whole construction industry and long term contracts, there is inherent risk.

The market continues to be competitive with the continuing world economic issues and the business continues to position itself to manage the continued downturn in the global economy.

The directors continue to address this risk by careful and continued review of processes and continued monitoring of the performance of all contracts. Any corrective action identified is implemented immediately.

Adequate finance is retained within the company and the group to enable it to take advantage of business opportunities as they arise.

DIVIDENDS

The directors recommend the payment of a final dividend of £2.0M.

MURPHY LIMITEDREPORT OF THE DIRECTORSPRINCIPAL ACTIVITY

The principal activity of the company during the year was that of electrical and civil engineering contractors and no significant changes are anticipated.

DIRECTORS

The directors who have served during the year were:-

J.G. Murphy
P. Salmon
M. Moloney
F. Carey
P.D. Wilkens
K.T. Tims
M. Hayes
D. Stedman

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- (i) Select suitable accounting policies and apply them consistently.
- (ii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (iii) Make judgements and estimates that are reasonable and prudent.
- (iv) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

MURPHY LIMITED

REPORT OF THE DIRECTORS

DISABLED PERSONS

Applications for employment from and the training, career development and promotion of disabled persons are considered on their merits having regard to their ability to satisfactorily perform the functions required.

EMPLOYEES

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

CHARITABLE DONATIONS

The company made charitable donations of £6,705 to a variety of different causes.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

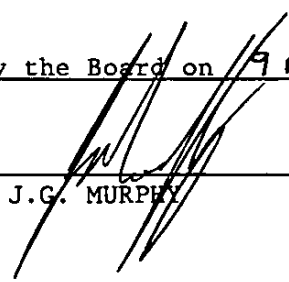
We, the directors of the company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- There is no relevant audit information of which the company's auditors are unaware; and
- We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with the company's articles, a resolution proposing that Newton & Garner Ltd be reappointed as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 9 DECEMBER 2010 and signed on its behalf



J.G. MURPHY

- CHAIRMAN

MURPHY LIMITED**NO. OF COMPANY - 1916346****YEAR ENDED 31ST AUGUST 2010****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURPHY LIMITED**

We have audited the financial statements of Murphy Limited for the year ended 31st August 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st August 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

MURPHY LIMITED

NO. OF COMPANY -- 1916346

YEAR ENDED 31ST AUGUST 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURPHY LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 of the information and explanations we require for our audit.



Simon Poley FCA (Senior Statutory Auditor)
for and on behalf of Newton & Garner Ltd
Chartered Accountants
Statutory Auditor

10TH DECEMBER 2010

BUILDING 2,
30 FRIERN PARK,
NORTH FINCHLEY,
LONDON,
N12 9DA

MURPHY LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST AUGUST, 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
<u>TURNOVER</u>	2	58,480,335	72,203,449
Exceptional turnover	4	4,398,409	-
		-----	-----
		62,878,744	72,203,449
Cost of sales		49,432,698	66,370,861
		-----	-----
<u>GROSS PROFIT</u>		13,446,046	5,832,588
Administration expenses		5,582,917	5,576,645
		-----	-----
		7,863,129	255,943
Other operating income	3	514,941	504,897
		-----	-----
<u>OPERATING PROFIT</u>	4	8,378,070	760,840
Interest receivable and similar income	7	6,846	6,851
Interest payable and similar charges	8	124,707	224,153
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		8,260,209	543,538
Taxation on profit on ordinary activities	9	2,150,076	17,684
		-----	-----
<u>PROFIT FOR THE FINANCIAL YEAR</u>		£6,110,133	£525,854
		=====	=====

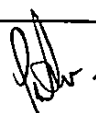
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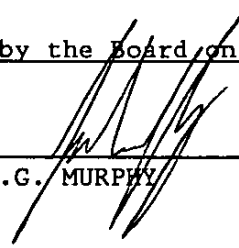
1. All operations of the company during the current and preceding year are continuing operations.
2. There are no gains or losses recognised which are attributable to shareholders and which are not included in the profit and loss account.

MURPHY LIMITEDBALANCE SHEETAT 31ST AUGUST, 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
<u>FIXED ASSETS</u>			
Tangible assets	10	2,799,650	2,757,229
<u>CURRENT ASSETS</u>			
Stocks	11	616,862	787,900
Debtors	12	18,737,225	21,556,587
Cash at bank and in hand		6,312,791	2,404,599
		-----	-----
		25,666,878	24,749,086
<u>CREDITORS</u>			
Amounts falling due within one year	13	17,142,520	22,167,477
		-----	-----
<u>NET CURRENT ASSETS</u>		8,524,358	2,581,609
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		11,324,008	5,338,838
<u>CREDITORS</u>			
Amounts falling due after more than one year	14	7,918	229,816
		-----	-----
		11,316,090	5,109,022
<u>PROVISIONS FOR LIABILITIES & CHARGES</u>			
Deferred taxation	15	96,935	-
		-----	-----
<u>NET ASSETS</u>		£11,219,155	£5,109,022
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	16	2,500,000	2,500,000
Share premium account	17	602,498	602,498
Profit and loss account	18	8,116,657	2,006,524
		-----	-----
		£11,219,155	£5,109,022
		=====	=====

Approved by the Board on 9 DECEMBER 2010 and signed on its behalf

 J.G. MURPHY - DIRECTOR

 P. SALMON - DIRECTOR

MURPHY LIMITEDNOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

Basis of accounting

The accounts have been prepared under the historical cost convention.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated).

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets used in the business over their estimated useful lives, as follows:-

Plant & vehicles	-	25%-33%	Reducing balance & straight line basis
Furniture & equipment	-	15%-25%	Reducing balance & straight line basis
Computer Equipment	-	25%	Straight line basis

Leases and hire purchase agreements

Tangible fixed assets acquired under hire purchase agreements and leasing agreements which give rights approximating to ownership (finance leases) are capitalised at inception and depreciated at the appropriate rates for the classes of assets concerned. Payments under hire purchase agreements and finance leases are treated as consisting of capital and interest elements and interest is charged to the profit and loss account. Rentals on all other leases (operating leases) are charged wholly to the profit and loss account. Net liabilities under finance leases exclude related finance charges.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Amounts recoverable on contracts

Amounts recoverable on contracts are valued in accordance with UITF40, taking account of the realisable value of work performed at the balance sheet date.

Taxation

The charge for taxation is based on the profit for the year. Deferred tax is provided using the liability method to take account of timing differences between the treatment of certain items for accounts and tax purposes. Tax deferred is accounted for in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

MURPHY LIMITEDNOTES TO THE ACCOUNTSCash flow statement

The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and its results and cash flows are included in the publicly available consolidated financial statements.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

Turnover represents the value of services provided during the year, excluding value added tax.

	<u>2010</u>	<u>2009</u>
<u>3. OTHER OPERATING INCOME</u>		
Compensation received	11,941	1,897
Administration charges	503,000	503,000
	-----	-----
	£514,941	£504,897
	=====	=====

4. OPERATING PROFIT

Operating profit is stated after charging & crediting:-

Depreciation:		
Owned by the company	376,575	383,539
Held under hire purchase contracts	366,010	438,032
Directors' remuneration (note 5)	677,475	749,546
Auditors' remuneration	46,000	46,000
Operating lease rentals:-		
Hire of plant & machinery	7,936,095	9,476,053
Land & buildings	637,166	796,312
Exceptional item:-		
The exceptional item represents amounts received in the year in respect of costs incurred in prior years	(4,398,409)	-
	=====	=====

MURPHY LIMITEDNOTES TO THE ACCOUNTS

	<u>2010</u>	<u>2009</u>
5. <u>DIRECTORS' REMUNERATION</u>		
Directors' remuneration is made up as follows:-		
Managerial remuneration	564,546	611,404
Pension contributions	54,004	65,103
Benefits in kind	58,925	73,039
	-----	-----
	£677,475	£749,546
	=====	=====

Included in the above are emoluments of £131,980 and pension contributions of £13,170 paid to the highest paid director.

There are seven directors to whom benefits are accruing under the company's money purchase retirement benefit scheme.

6. EMPLOYEES

The average number of employees during the year was 663 (2009 - 802) made up as follows:-

Management	35	37
Production	561	707
Administration	67	58
	---	---
	663	802
	===	===

Staff costs are analysed as follows:-

Wages & salaries	21,073,053	23,614,025
Social security costs	1,870,695	2,254,454
Other pension costs	187,152	171,117
	-----	-----
	£23,130,900	£26,039,596
	=====	=====

7. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank deposit interest	£6,846	£6,851
	=====	=====

MURPHY LIMITEDNOTES TO THE ACCOUNTS

	<u>2010</u>	<u>2009</u>
8. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>		
Bank interest	563	30,388
Hire purchase interest	27,517	59,699
Interest on group loans	47,125	133,847
Interest on tax	45,927	114
Other interest	3,575	105
	-----	-----
	£124,707	£224,153
	=====	=====
9. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>		
UK Corporation tax at 28% (2009 - 28%)	2,053,141	1,439
Underprovision of tax in prior years	-	16,245
	-----	-----
	2,053,141	17,684
Deferred tax	96,935	-
	-----	-----
<u>Tax on profit on ordinary activities</u>	£2,150,076	£17,684
	=====	=====
The tax assessed for the period is less than the standard rate of corporation tax for the year.		
The differences are explained below:-		
Profit on ordinary activities before taxation	£8,260,209	£543,538
	=====	=====
Profit on ordinary activities at the applicable rate of corporation tax of 28% (2009 - 28%)	2,312,859	152,190
<u>Effects of:-</u>		
Adjustment to tax rate	-	(478)
Underprovision of tax in prior years	-	16,245
Expenses not deductible for tax purposes	89,608	15,877
Depreciation in excess of capital allowances	(3,924)	39,409
Losses brought forward	(345,402)	(205,559)
	-----	-----
<u>Current tax charge</u>	£2,053,141	£17,684
	=====	=====

MURPHY LIMITEDNOTES TO THE ACCOUNTS**10. TANGIBLE FIXED ASSETS**

<u>COST OR VALUATION</u>	<u>2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>2010</u>
Plant & vehicles	6,942,493	596,774	(631,035)	6,908,232
Furniture & equipment	1,122,995	267,677	(11,808)	1,378,864
	-----	-----	-----	-----
	£8,065,488	£864,451	£(642,843)	£8,287,096
	=====	=====	=====	=====
		Charge		
<u>ACCUMULATED DEPRECIATION</u>	<u>2009</u>	<u>for year</u>	<u>Disposals</u>	<u>2010</u>
Plant & vehicles	4,652,899	572,684	(557,804)	4,667,779
Furniture & equipment	655,360	169,901	(5,594)	819,667
	-----	-----	-----	-----
	£5,308,259	£742,585	£(563,398)	£5,487,446
	=====	=====	=====	=====
<u>NET BOOK VALUE</u>	<u>2009</u>			<u>2010</u>
Plant & vehicles	2,289,594			2,240,453
Furniture & equipment	467,635			559,197
	-----			-----
	£2,757,229			£2,799,650
	=====			=====

The net book value of tangible fixed assets includes £1,146,394 (2009 - £1,482,404) in respect of assets held under hire purchase contracts. The depreciation charge in respect of such assets amounted to £336,010 (2009 - £438,032) for the year.

	<u>2010</u>	<u>2009</u>
11. <u>STOCKS</u>		
Raw materials & consumables	£616,862	£787,900
	=====	=====
12. <u>DEBTORS</u>		
Trade debtors	3,601,712	2,776,614
Amounts recoverable on contracts	13,009,951	17,543,459
Amounts owed by group undertakings (note 22)	907,291	381,987
Other debtors	532,634	216,692
Prepayments	685,637	637,835
	-----	-----
	£18,737,225	£21,556,587
	=====	=====

All debtors fall due within one year, except for £526,115 included within amount recoverable on contracts (2009 - £1,018,780), which is due after more than one year.

MURPHY LIMITEDNOTES TO THE ACCOUNTS

	<u>2010</u>	<u>2009</u>
13. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Trade creditors	10,130,157	12,364,319
Taxation & social security	5,070,703	2,806,866
Amounts owed to group undertakings (note 22)	1,432,565	6,149,866
Other creditors	289,650	487,180
Accruals	-	11,950
Obligations under finance leases & hire purchase contracts	219,445	347,296
	-----	-----
	£17,142,520	£22,167,477
	=====	=====
14. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>		
Obligations under finance leases & hire purchase contracts	£7,918	£229,816
	=====	=====
15. <u>PROVISIONS FOR LIABILITIES & CHARGES</u>		
<u>Deferred tax</u>		
The movement on the deferred tax provision was as follows:-		
Transferred to profit & loss account	96,935	-
	-----	-----
At 31st August 2010	£96,935	-
	=====	=====
Provision is made for the full potential liability for deferred taxation which is as follows:-		
Accelerated capital allowances	£96,935	-
	=====	-----
16. <u>SHARE CAPITAL</u>		
<u>Authorised, issued and fully paid</u>		
2,500,000 Ordinary shares of £1 each	£2,500,000	£2,500,000
	=====	=====
17. <u>SHARE PREMIUM ACCOUNT</u>		
Balance brought forward in respect of premium arising on shares issued	£602,498	£602,498
	=====	=====

MURPHY LIMITEDNOTES TO THE ACCOUNTS

	<u>2010</u>	<u>2009</u>
18. <u>PROFIT AND LOSS ACCOUNT</u>		
Balance at 1st September, 2009	2,006,524	1,480,670
Retained profit for the year	6,110,133	525,854
	-----	-----
<u>Balance at 31st August, 2010</u>	<u>£8,116,657</u>	<u>£2,006,524</u>
	=====	=====

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	6,110,133	525,854
Opening shareholders' funds	5,109,022	4,583,168
	-----	-----
<u>Closing shareholders' funds</u>	<u>£11,219,155</u>	<u>£5,109,022</u>
	=====	=====

20. OPERATING LEASE COMMITMENTS

At 31st August 2010, the company had annual commitments under operating leases as follows:-

<u>Expiry date:-</u>	<u>Land & Buildings</u>	<u>Other</u>	<u>Total</u>
Within one year	98,267	30,152	128,419
Between two and five years	451,133	34,619	485,752
	-----	-----	-----
	<u>£549,400</u>	<u>£64,771</u>	<u>£614,171</u>
	=====	=====	=====

21. ULTIMATE HOLDING COMPANY

The directors regard Greenane Ltd., incorporated in the Isle of Man as the company's ultimate holding company.

In the opinion of the directors, there is no controlling party of Greenane Ltd. The parent company of the largest group for which consolidated accounts are prepared is Bandon Holdings Ltd., a company registered in England.

MURPHY LIMITED**NOTES TO THE ACCOUNTS****22. RELATED PARTY TRANSACTIONS**

The only transactions with related parties during the year are with companies who are also fellow members of the Bandon Holdings Group of Companies.

The company has taken advantage of the exemption in Financial Reporting Standard No.8 and has not disclosed details of transactions with these fellow group companies. Balances with group companies at 1st September, 2009 and 31st August, 2010 are disclosed in notes 12 & 13 to the accounts.

23. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £187,152 (2009 - £171,117). At 31st August, 2010 prepaid contributions amounted to £10,840 (2009 - £27,987).