



MURPHY

WORLD-CLASS INFRASTRUCTURE

ANNUAL REPORT & ACCOUNTS 2023

IMPROVING

LIFE

BY DELIVERING
WORLD-CLASS
INFRASTRUCTURE

INTRODUCTION

A LEADING SPECIALIST ENGINEERING AND CONSTRUCTION COMPANY

J. Murphy & Sons Limited (Murphy) is a leading specialist engineering and construction company founded in 1951 that improves life by delivering world-class infrastructure.

Operating in the United Kingdom, Ireland and North America, we provide better engineered solutions to sectors including transportation, natural resources, power and water.



CLIMATE ACTION

'A Greener Murphy' is our ambitious Climate Action Plan, and 2023 saw significant progress towards our destination of net zero direct emissions by 2030.

Read more on page 27



ENGINEERING EXCELLENCE

In 2023 we further increased precision, heightened efficiency and brought innovation to deliver smarter and greener solutions for all our customers.

Read more on page 20

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Discover more online at [murphygroup.com](https://www.murphygroup.com)

HIGHLIGHTS

ANOTHER YEAR OF PROGRESSIVE GROWTH

OPERATIONAL



Investing in the future

£39.0m

£39.0m invested in environmentally friendly plant.



Reduced accidents

35%

35% reduction in the number of Lost Time Injuries.



Significant project wins

£3.31bn

£3.31bn of secured and anticipated orders across our UK, North American and Irish businesses.

SUSTAINABILITY

Climate action

48%

Reduced carbon emissions by a further 8.4% since 2022, now totalling a 48% emissions reduction since 2019. Over 99% diversion from landfill and over 35,000 trees planted on our projects.



Increasing employees

3,855

Increased to 3,855, up from 3,688 the previous year.



Social value

£0.5m

£0.5m donated to charity: worked with refugee programme, sector-based work academies, a leading role in Prison Leaver programme, plus 340 Giving Back Days.



Emerging talent

7.4%

7.4% emerging talent and Gold recognition from The 5% Club.



FINANCIAL

Revenue -5%

£1,421m

Group operating profit +57%

£71.7m

Order book +31%

£3.31bn

Value of investment property +10%

£164.6m

Net cash +26%

£347.1m

GROUP AT A GLANCE

DELIVERING PEOPLE, PLANT AND EXPERTISE



North America locations



Read more on [page 8](#)


Read more:
on our recent USA
acquisition in our
CEO statement





UK and Ireland locations


Read more on [page 10](#)


OUR SERVICES


-  Utility Connections


-  Ground Engineering


-  Engineering and digital construction


-  Murphy Plant


-  Murphy Power Distribution


-  Murphy Gas Networks


-  Pipeline Testing Services


-  Specialist Welding Services


-  Bridges


-  Tunnelling


-  Electrical Services

-  Process engineering

-  Design and engineering

-  Structural steelwork

-  Offsite fabrication

-  Advisory and consultancy



£39.0m

invested in our plant across
across the UK and Ireland



3,855

colleagues in
three countries



+300

projects ongoing
at any one time



£3.1m

invested in training
in 2023

GROUP AT A GLANCE CONTINUED

OUR SECTORS



TRANSPORTATION

Murphy is a multi-disciplinary specialist working across rail, highways, aviation and ports to deliver sustainable transport infrastructure solutions. We provide practical and innovative results, working around the individual needs of our customers.

Read more from p10



NATURAL RESOURCES

Murphy is the UK's leading energy engineering and delivery specialist. We maintain, modify, design, construct and commission new energy networks and facilities; supporting our customers through the challenges of the energy transition and accelerating their efforts to achieve net zero emissions.

Read more from p10



POWER

Murphy is known for its extensive in-house expertise and continual drive to innovate within the transmission and distribution networks. We offer a wide range of services including design, construction and commissioning.

Read more from p10



WATER

Murphy actively works with customers on both infrastructure and non-infrastructure programmes, providing end-to-end services for major water and sewage companies. We provide a fully integrated design, building, operating and maintenance service to our customers.

Read more from p10



STRATEGY AND PURPOSE

DELIVERING ON OUR PURPOSE AND OUR VISION

Our purpose is ‘improving life by delivering world-class infrastructure’ and our vision is to be ‘the leading family-owned construction business’ by 2026 when Murphy celebrates its 75th anniversary.



We enable our customers to achieve their business objectives by increasing capacity, improving customer service, providing resilience and delivering increased efficiency whilst being a safe and sustainable company.

At Murphy, we are a values-led business with a consistent, clear and concise strategy to achieve both our purpose and our vision. We take a disciplined approach to doing the basics consistently well and through operational excellence, we deliver value for our customers, forming win-win relationships which give a fair capital return. This return enables ongoing development of our people, creates a great place to work where everyone can feel secure and comfortable to be themselves, and supports increasing levels of social value in all of the communities in which we have a presence. We have a well-embedded safety culture, are always looking to improve, and are committed to tackling climate change and achieving our pathway to net zero.

Through our direct delivery model, supported by a trusted supply chain, we enable our customers to achieve their business objectives by increasing capacity, improving customer service, providing resilience and delivering increased efficiency whilst being a safe and sustainable company. We achieve this by focusing on our key customers whose delivery business plans are underpinned by strategic national needs, regulatory commitments, legislation or essential performance requirements. And our people are at the core of everything we do.

A strong balance sheet and a long-term, profitable workload with trusted customers enable us to make the best decisions for our business. Robust governance processes, targeted contract selection and delivery excellence support our framework for future growth. With a proven track record of delivery, we continue to focus on our three geographies of the UK, Ireland and North America, and the strategic sectors of transportation, natural resources, power and water. Our delivery teams are supported by an expanding Investments team. We are passionate about our direct delivery offering and the benefits it brings to our customers. Internal delivery capabilities include our extensive plant business, ground engineering, electrical services, process engineering, bridge fabrication, urban infrastructure, utility connections, specialist welding, design and wider engineering, and digital support – all of which support our front-line teams in delivering world-class infrastructure.

In meeting the challenges and needs of a fast-changing world and the markets in which we operate, we are continuing to develop at pace our in-house Engineering, Murphy Applied Engineering and Digital expertise. These embrace innovative ways of working and support our delivery to harness greater efficiency, sustainable delivery and enhanced net zero construction, across the project and asset lifecycle. By harnessing this approach, we not only offer significant value-add options but make our operations safer and give greater delivery certainty.

STRATEGY AND PURPOSE CONTINUED

OUR PURPOSE IS TO IMPROVE LIFE BY DELIVERING WORLD-CLASS INFRASTRUCTURE

OUR VALUES

NEVER HARM

ALWAYS DELIVER

CONTINUALLY IMPROVE

**ONE FAMILY
ONE TEAM
ONE MURPHY**

**RESPECT,
INTEGRITY
& ACCOUNTABILITY**

STRATEGIC OBJECTIVES



WIN-WIN

Partnering with customers who trust and respect us and reward us fairly



CAPITAL

Producing capital to enable us to invest in our people and plant



PEOPLE & SOCIAL VALUE

A great place to work where our people feel secure and comfortable to be themselves



CLIMATE ACTION & SAFETY

Creating a greener, safer and healthier Murphy



BRILLIANT BASICS

Consistently deliver the basics to achieve operational excellence

STRATEGIC DRIVERS

DEPENDABLE PROJECT MANAGEMENT

Effective planning, execution and review of project delivery

WIN-WIN RELATIONSHIPS

Actively develop trusted relationships with our customers

PASSIONATE ABOUT DIRECT

Best use of our capabilities to stand out

BETTER ENGINEERED

Smarter, safer, faster

FIT TO START

Nothing will start until we are properly ready

LOCATIONS



SECTORS



STRATEGIC INVESTMENTS

MAJOR PROJECTS

SPECIALIST BUSINESSES



MURPHY AT 75

To be the leading family-owned construction business

CHAIR'S STATEMENT

ANOTHER YEAR OF EXCELLENT DELIVERY



Welcome to my second Chair's statement. This has been another year of significant progress for Murphy, in which we reinforced our position across all our key sectors and expanded our geographical footprint in Canada and into the USA.

We continue to drive our purpose of improving life by delivering world-class infrastructure. As we do so, the Board is focused on delivering our 'Murphy at 75' objectives, to build a truly sustainable business for the generations which follow, while balancing the needs of our colleagues, customers and all other stakeholders.

Safety and wellbeing

The safety, health and wellbeing of all our colleagues is our priority, and during 2023 Murphy achieved another year of improvement, reducing the number of lost time injuries by over a third. This report highlights further evidence of the positive results, and the great support and coaching our SHES teams have given to our colleagues. This ensures that they stay safe and that we maintain the highest standards through our safety culture.

This culture was reinforced in 2023 by record numbers attending our 'One Summer' and 'One Winter' safety campaigns. Safety encompasses mental as well as physical health, and during the year we trained 332 people in mental health awareness, while over 270 team members now serve as Mental Health First Aiders.

Financial performance

We continued to strengthen our financial position in 2023, reporting a profit before tax up 50% to £66.8m. We also further strengthened the balance sheet, closing 2023 with increased net cash of £71.6m to £347.1m.

These results also reflect the continued confidence of our customers in Murphy to deliver and meet the developing demands within the sectors and act as long-term collaborative partners.

We continue to have a healthy order book with £3.31bn of contracted revenues as we enter 2024.

A very important group of stakeholders in Murphy are the members of the Murphy Pension Plan, consisting of about 220 pensioners and 130 deferred members. As a result of significant deficit contributions by the Company, the plan moved into a surplus funding position during the year.



2023 saw further progress in executing our purpose and strategy. We delivered strong operational and financial performances and continued to diversify our geographical reach and sector expertise. Our business is moving forward with momentum and discipline as we continuously look to deliver for all our stakeholders.

John Cresswell
Chair

CHAIR'S STATEMENT CONTINUED

These contributions, combined with the current economic environment in the UK, allowed the Board to take the opportunity to complete a buy-in for the plan and secure all of the future benefits for its members. The remaining liabilities are now insured by Just Group.

This provides greater certainty to members' benefits and removes potential future risks from the Group.

Governance and Board changes

The Board has continued to develop Murphy's corporate governance with the creation of a separate Risk and Opportunity Committee, in addition to the Audit and Remuneration Committees. As part of our aim for continual improvement, the Board also performed a formal Board review process at the end of the year, identifying scope for working together even more effectively and focusing our time on the right strategic priorities.

In October we welcomed Adam Walker to the Board as an Independent Non-Executive Director and Chair of the Audit Committee. Adam has a wealth of governance experience, including in several Group Finance Director roles.

In March 2024 we welcomed Russell King to the Board as an Independent Non-Executive Director and Chair of the Remuneration Committee. Russell's executive career includes HR Director and Chief Strategy Officer roles at Anglo American plc, together with previous Non-Executive Directorships including Aggreko plc, Spectris plc and Hummingbird Resources plc.

These appointments follow the retirements of Huw Davies and Mike Toms, both of whom served over eight years with Murphy as Non-Executive Directors chairing our Audit and Risk Committee and Remuneration Committee respectively. Both joined Murphy at a pivotal time as the Group transitioned to a more traditional independent governance structure. Their contributions to the Board and the business have been immense in guiding Murphy to its current position of strength. They both leave with our thanks and best wishes.

2023 saw Non-Executive Directors continue our programme of location visits, with the Board meeting project teams in Oswestry, London Power Tunnels 2 and across our Canadian operations. These visits are hugely valuable and informative for the Board to hear first-hand how we are delivering for our customers, our colleagues' feedback and insights about working with Murphy, and how our safety culture and values are being lived on a daily basis.

Conclusion

I would like to thank our CEO John Murphy and his Executive team for the continued leadership and commercial discipline they show to the business, and the Board's members for their advice, commitment and support.

2023 was a year that reinforced how Murphy plays a significant role in supporting our customers to deliver infrastructure projects of critical national importance.

This report contains multiple examples of what we have achieved together during the year, in both project delivery and in building a great place to work – supporting our customers, colleagues, suppliers and communities.

I therefore want to say a big thank you to all our colleagues for their dedication and hard work throughout the year. They embody our 'One Team, One Family, One Murphy' value and these excellent results are a tribute to them all.



John Cresswell
Chair

CEO'S STATEMENT

SUSTAINED SUCCESS, SUSTAINABLY DELIVERED



The business is well positioned in its geographies and core sectors to continue to generate sustainable and profitable growth.

Our values, strategic objectives and drivers act as our behavioural compass, and our employees live them every day: they guide us to improve life by delivering world-class infrastructure.

John Murphy
Chief Executive Officer

Assured delivery

2023 has been a positive year for the business: we are pleased to see continued improvement in our business performance through our emphasis on One Murphy, together with the positive momentum on business improvement through the delivery of our strategic objectives.

This has positioned us well for a year of sustainable performance and reinforced Murphy as a trusted advisor and delivery partner. At Murphy we want to be the industry's employer of choice, and recognised for the role we play in improving life by delivering world-class infrastructure for our customers, colleagues and the societies in which we work.

Alongside our 'Murphy at 75' objectives, we remain committed to our self-delivery operating model, we believe this is a competitive differentiator and offers our customers a high level of confidence and assurance on safe, timely and quality project delivery within the sectors we operate in. The operating model is further underpinned by our approach to engineering excellence, while retaining our collaborative One Murphy delivery.

Safety and wellbeing

In 2023, we have seen continued discipline and focus on reducing exposure to workplace hazards resulting in a positive improvement in our safety performance across the five key measures with an overall reduction of 35% in the number of Lost Time Injuries across the Group, with over 22 million hours of operation.

In parallel with this safety performance, our teams continue to deliver, with positive results in key areas such as mental health and wellbeing, and environmental stewardship.

Our financial performance

Over the past three years we have made significant progress in the delivery of our Brilliant Basics programme, together with improving consistency in our operational performance, which has allowed us to create value across the Murphy portfolio of operations. Our disciplined approach to contract selection and delivery of our strategic objectives has led to a robust 2023 financial result with stable earnings and margin improvement.

For the year ending 31 December 2023, revenue reduced slightly by 5% to £1.42bn and operating profit improved by 57% to £71.7m with net cash inflow of £71.6m

We continue to maintain a balanced portfolio across our core sectors and geographies and we aim to grow our market share in the emerging energy security and net zero opportunities. I am also pleased to report our selective tendering activity has resulted in another strong order book, which has increased by 31% from 2022 to over £3.3bn in 2023.

Net zero and a greener Murphy

Protecting the environment and having a positive impact on the communities we serve are essential to everything we do, and throughout this report you will see excellent evidence of our actions and commitment to ensure we are proud of the positive impact and legacy we leave behind.

CEO'S STATEMENT CONTINUED

We have made great progress on our sustainability and Climate Action Plan commitments. I am pleased to also report the positive actions of our ESG Committee in supporting the business and aligning our responsible delivery to the United Nations Sustainable Development Goals.

In 2023 we have also continued to make great inroads in reducing our carbon footprint investing over £39.0m in green plant and equipment, which has contributed to a reduction of 8.4% emissions across the Group.

Creating great workplaces

Last year we set out our strategic priorities to create and support Murphy in being a great place to work. This year we have recruited our largest ever emerging talent cohort of 120 graduates and apprentices. We achieved Investors in People Gold accreditation and achieved 'No. 1 Best Large Company to Work For' from Best Companies. This ongoing united effort will continue to ensure we have the right culture. We have created an exceptional employee experience for everyone who works at Murphy which will deliver our ambition of becoming the employer of choice.

Investing in our future

To support our ambition of long-term sustainable growth, we recognise the importance of continually investing in the business to sustain our success, be that in our people, our facilities and equipment or to support growth in our core sectors.

In North America we are pleased to have acquired WHC Energy Services with our Canadian joint venture partner Surerus. WHC Energy Services is a leading

contractor in the fields of oil and gas and energy renewables. This acquisition will allow us access to the US market where we foresee significant future investment in oil and gas and renewables.

In Ireland we have made a significant investment in a new state-of-the-art steel fabrication facility which will support our direct delivery approach across our core sectors in the UK and Ireland.

Outlook: A focused approach to the future

Looking to the future, the quality of our teams, our customer base and ongoing delivery performance all give me confidence. Allied to this, we are maintaining disciplined contract selectivity, concentrating on the right projects, we have a high-quality order book and exciting opportunities in the pipeline and are well positioned to benefit from future investment trends across the UK, Ireland and North America

I thank our customers for their support and all our teams and colleagues for their continued support and commitment.

We are very much a family business here at Murphy and I am proud of how we have worked together to deliver another positive set of results.



John Murphy
Chief Executive Officer

ESG: MURPHY AT 75

As a multi-generational family business, we look for long-term, sustainable growth. We are also fast approaching, in 2026, the 75th birthday of the foundation of our business. This led us to create a roadmap of sustainable goals which we call Murphy at 75: an opportunity to focus and channel our energies into creating an increasingly sustainable business to celebrate at that time.

We are well on the road to achieving this, during 2023 we:

- reduced a further 8.4% in CO₂ emissions across the Group;
- reduced our cumulative emissions total by over 48% vs our 2019 baseline;
- introduced our project focused 'Murphy carbon calculator' to track real time emissions generated as part of our operations;
- consolidated our approach across the Group, to baseline, track and reduce emissions; and understand the true extent of our impact

As part of Murphy at 75, we will invest £75m in green plant, equipment and vehicles. By 2025, 100% of our electricity will come from renewable sources, and in 2026 we will launch an educational programme for 75 schools on climate change and low-carbon living.

For more on our climate change agenda and actions, please see [page 27](#)

OPERATIONAL REVIEW - UK

2023 WAS ANOTHER STRONG YEAR FOR MURPHY IN THE UK, WITH ROBUST DEMAND AND HIGH-QUALITY BUSINESS.



We are committed to ensuring we invest in building collaborative relationships to deliver value for our existing customers, our stakeholders and our people, in addition to developing constructive relationships with a small number of new customers.

Nick Fletcher
Managing Director - UK

At the same time, we saw some volatility in the market and the sustained period of high inflation in 2023 impacted the cost of delivering infrastructure projects. This, coupled with the high cost of borrowing, has seen a slowdown in spending in this space.

These factors amplify the wisdom of our strategy to maintain a diversified portfolio of work, enabling us to counterbalance slowdowns in one sector with peaks in demand in others. This gives stability to our successful direct delivery model as we continue to invest in our team, grow our own talent and ensure we develop the skills we need now, and in the future.

We also continue to sharpen our productivity, safety, quality and cost by using better engineered methods of construction, while simultaneously reducing waste and our carbon footprint.

Murphy sees a positive outlook for UK construction in 2024, and in particular for our core competencies in the infrastructure sector.

The Government's National Infrastructure and Construction Pipeline indicates a further £700bn of much-needed investment in infrastructure projects over the next 10 years, with transport, energy and water creating multiple opportunities.

In readiness for the projected investment, we continue to explore green fuels, new materials and classes of plant, while developing a new era of collaboration with both our customers and our supply chain.

This disciplined approach creates a strong foundation on which to deliver value for our customers, our people and our shareholders.



OPERATIONAL REVIEW - UK CONTINUED

EXTENDING THE GRAIN LNG TERMINAL CAPACITY
IN LINE WITH FUTURE MARKET REQUIREMENTS**CUSTOMER: NATIONAL GRID VENTURES**
ISLE OF GRAIN LIQUEFIED NATURAL GAS (LNG) TERMINAL

As part of creating additional capacity requirements for National Grid's LNG terminal, our role comprises:

- engineering, procurement and construction of two additional submerged combustion vaporisers and associated equipment (rated capacity 173 tonnes/hour);
- two additional ex-tank pumps (rated capacity 440m³/hour);
- a new Boil Off Gas (BOG) compression building, housing three reciprocating compressors; and
- a new local equipment room adjacent to the new BOG building for electrical supplies, instrumentation and control signals to the new BOG compression facilities.

With our One Murphy approach, our specialist internal capability teams successfully completed the piling within the live site and the welding fabrications on site. We are also delivering the Electrical, Control and Instrumentation (EC&I) packages as well as installing structural steelwork.

In the course of the project, we have:

- reduced our carbon emissions by over 90% by using Hydrotreated Vegetable Oil (HVO) to fuel our plant and equipment;
- safely worked over 325,000 hours in 2023; and
- completed the installation of over 600 piles within the live Control of Major Accident Hazards (COMAH) regulated site.



Over
600
piles were installed
within the live site



90%
carbon emission
reduction

Our Specialist Welding Services team
completing fabrications on site

THE FIRST RAILWAY STATION TO BE
BUILT ON THE GREAT EASTERN MAIN
LINE FOR OVER 100 YEARS**CUSTOMER: NETWORK RAIL**
BEAULIEU PARK RAILWAY STATION

Beaulieu Park is a new railway station located on the Great Eastern Main Line between London Liverpool Street and Ipswich. Outline planning permission was granted in May 2013.

In June 2021, £218m in funding was secured from the UK Government's Housing Infrastructure Fund, along with an additional £34m from the residential developer, Countryside Zest, and the South East Local Enterprise Partnership.

Murphy's scope of work covers a new three-platform station; the station building with larch glulam roof; an Access For All footbridge (integral to station building); primary car park with 243 spaces and secondary remote car park with 462 spaces; a bus interchange, taxi rank, cycle storage and approximately 100,000m³ of earthworks, station fit-out, station information and security systems; mechanical, electrical and public health; and Distribution Network Operator connection works.

During 2023, the platform and building construction works began with the larch glulam roof installed, along with a nine-day blockade during Christmas 2023 which allowed the track to be positioned in its new alignment adjacent to the new station, and new signalling installed.



100,000m³
earthworks



27,000
blockade hours
during Christmas
works with no
incident

OPERATIONAL REVIEW - UK CONTINUED

FUTURE-PROOFING LONDON'S ELECTRICITY SUPPLY



CUSTOMER: NATIONAL GRID
LONDON POWER TUNNELS PHASE 2 (LPT2)

Package 2 - Tunnels and Shafts
Package 5 - Headhouses & M&E

Working as part of the multi-award-winning HMJV, Murphy is contracted to deliver two major design and construction packages for National Grid as part of their £1bn flagship London Power Tunnels Phase 2 scheme.

We are replacing the existing cable infrastructure, ensuring the resilience of London's electricity network.

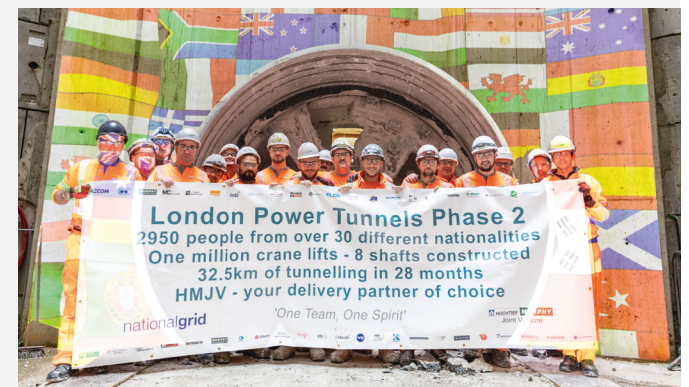
2023 saw an important milestone with the end of tunnelling works, the completion of all five tunnel drives and the construction of all eight shafts - all completed with an exceptional safety performance.

The final breakthrough was achieved in September by TBM 'Grace', having tunnelled over 11km eastwards from New Cross substation in Southwark. This completed the 32.5km of tunnels across South London, with every section handed over on, or ahead of, time and within budget.

The Tunnels and Shafts package is due to be completed by mid-2024. The works to build the headhouses, which will cover the shafts and provide safe access to the tunnels and high-voltage cables, are already well underway at all our sites.

Some key achievements so far:

- Constructed 20 km of tunnel in a single year using four TBMs.
- Over 1,500 third party asset crossings undertaken successfully, of which 35 were considered critical.
- Designed, developed and deployed the award-winning and innovative Tunnel Auxiliaries Fit Out System (TAFOS) - bringing factory production techniques to tunnel fitout.
- Broke a world record with the Earth Friendly Concrete (EFC) pour in April, saving 111kg of CO₂/m³ - the equivalent of a year's electricity usage of around 140 homes. This won Green Apple and Net Zero Project of the Year awards.
- Our health and safety performance has been recognised on multiple occasions, with two awards by National Grid and an award for Health Safety & Wellbeing Initiative of the Year by the New Civil Engineer Tunnelling Awards
- Completed over 6,000 hours of community volunteering and raised over £20,000 for local charities.
- Supported over 200 educational events and 77 work placements.
- Maintained over 50% local workforce.



20km
of tunnel in a single year using four TBMs

1,500
third party asset crossings

6,000hrs
of community volunteering

>£20,000
raised for local charities

Top image: **World-record Earth Friendly Concrete pour on Earth Day, April 2023**

Middle image: **Final breakthrough celebrations at Eltham site**

Bottom image: **Drive 2 - TBM breakthrough at Kings Avenue. Award-winning Tunnel Auxiliaries Fit Out System (TAFOS) deployed on one of our sites**

OPERATIONAL REVIEW - UK CONTINUED

UPGRADING WATER SUPPLY TO LIVERPOOL FROM OSWESTRY WATER TREATMENT WORKS



CUSTOMER: UNITED UTILITIES
ADVANCE PLUS FRAMEWORK OSWESTRY

Upgrading the water supply to Liverpool from Oswestry Water Treatment Works

The £120m+ Oswestry Water Treatment Improvement Project, which started in May 2022, entered its second year of construction. It is being delivered by Murphy as part of the Advance Plus joint venture for United Utilities.

Now in mid-cycle, the project will upgrade water quality for the people of Liverpool. Throughout 2023 around 170 people worked within the confines of the existing works, and over 900 wagon loads of concrete were placed to bases and walls of over 7.5m height.

Our Self-Delivery Concrete teams have handed over the water-tight structures to the next project phase, where our MEICA team and supply chain partners will pick up in late 2024.

We are also proud to have supported the amazing work of the local Hope Hospice and, most recently, the Oswestry Heritage Railway Community Group. These Giving Back Days come from our One Team approach and it is rewarding to see the project's contribution to the local area.



10,000m³
of concrete was poured in 2023

4,000
lorry journeys were avoided by recycling aggregates on site

132 KV CABLE DIVERSION WORKS THAT WILL CONNECT HINKLEY POINT TO THE WIDER ELECTRICITY TRANSMISSION NETWORK



CUSTOMER: NATIONAL GRID
CROOKS MARSH 132 KV UNDERGROUNDING AND OVERHEAD LINE WORKS

The undergrounding of existing 132kV overhead lines is critical to the wider Hinkley connection project. It will allow a new 400 kV overhead line to be terminated in the Seabank 400 kV substation.

The works progressed well in 2023 with the completion of 102 CFA piles, installed at 30m depth through an existing landfill. This allowed us to complete the associated foundation and tower erection works on three new cable sealing end towers. The cable install works, associated scaffolding and termination works progressed well and were 75% complete.

The first of six circuits was commissioned and energised in December 2023 with the remaining five circuits due to be commissioned by July 2024.

Highlights include:

- Hushh Pod hybrid generator reduced welfare fuel consumption by 50% in 2023.
- The project team received a National Grid Gold Safety Award for developing a new overhead lines permit.
- Timber cable drums were donated to a local Bristol charity which repurposes waste materials for community projects.

105,000
tonnes of aggregate imported to create a permanent working platform

70,000
hours worked on the project in 2023

OPERATIONAL REVIEW - IRELAND

2023 WAS A STRONG YEAR FOR THE IRISH ECONOMY, AND FOR THE ORDER BOOK OF MURPHY'S BUSINESS IN IRELAND.



In tandem with the continued growth in the Irish economy, we expanded our recruitment and investment, positioning ourselves to meet the increasing demand for the services we provide.

During the year we completed a new 2,200m² steel fabrication facility in Newbridge, allowing us to more than double our production and create up to 30 additional jobs over the next five years.

Projects successfully completed and commissioned in 2023 included Sellindge, Tullamore & Birr Water Supply Scheme, Air Products, Belfast Aeration, Portloman Water Treatment Works, Dodder Greenway Phase 5, Beattock Compressor Station Upgrades and Grange capacity upgrade and pipeline.



Murphy has continued to expand the Irish business throughout 2023 to meet the increasing demand for our services in line with the continued growth in Ireland's economy. We exceeded all targets set for 2023.

Our self-delivery model continues to give existing customers assurance that we have the capability to meet their programmes, delivering quality projects in a safe and sustainable way.

John G Murphy
Managing Director - Ireland



UPGRADING PORT WITH ENGINEERING AND MARINE EXPERTISE



CUSTOMER: DUBLIN PORT COMPANY
DUBLIN PORT COMPANY FRAMEWORK

In January 2023, Murphy signed a single party framework with Dublin Port Company (DPC) for marine and engineering works. This framework is on a call-off contract over four to six years with an expected value of €200m over the duration.

Our initial project on this framework was Berth 29, and the installation of 120m of new quay wall and around 6,000 m² of quayside concrete hardstand. The quay wall required 31m long x 1,420mm diameter tubular piles, all installed by our direct resources and now successfully handed over to our customer.

We went on to complete multiple other interesting and challenging projects during the year and look forward to expanding our relationship with DPC and delivering further prestigious marine works.

 **120m**
new quay wall

 **6,000m²**
quayside concrete

OPERATIONAL REVIEW - IRELAND CONTINUED

Operation and maintenance

Throughout Ireland and beyond, Murphy is a major service provider in the municipal water and wastewater, operation and maintenance sector.

Our portfolio of projects for Uisce Éireann includes providing services and treatment for 30 facilities covering group water schemes to large municipal and industrial agglomerations; providing wastewater treatment for Galway city; water treatment for Cork city; and support services at Aughinish Alumina in Limerick. These involve medium and long-term service agreements of up to 20 years.

Part of our support services include 24/7 on-call services, sludge reuse and recycling, and laboratory optimisation services, assisting customers with problem-solving expertise in the treatment sector.

These skills are supported by our expertise in design and build contracting; our significant plant infrastructure; and diverse skills in the infrastructure, transportation, power, water and natural resources sectors. More recently, we have extended these services to international blue chip private sector customers.

Alongside our water and wastewater offerings, Murphy carries out mechanical, electrical and instrumentation maintenance for Gas Networks Ireland. Duties include statutory and routine maintenance, reactive maintenance, in-house calibrations and pipeline protection. Murphy also provides an all-hours emergency response. Our direct delivery approach and pipe fabrication facility in Newbridge make us the ideal partner for crucial national infrastructure.

HELPING CREATE A NEW TOWN CENTRE IN WEST DUBLIN



CUSTOMER: CLONBURRIS INFRASTRUCTURE LIMITED CLONBURRIS JOINT INFRASTRUCTURE PROJECT


In recent years, we have grown our road capabilities, completing projects such as the Newbridge South Orbital Relief Road (NSORR) in Newbridge, Co.Kildare.

In late 2022 we were awarded the Clonburris Phase 1A contract, a €22m road scheme in Clondalkin, Co. Dublin.

The works entailed the construction of 1.1km of new carriageway and around 400m of realignment of existing carriageways, including all infrastructure services. The works also demanded substantial services diversions, attenuation tanks, micro-tunnelling and a 6m deep drainage system.

We were required to hand over the project in stages, allowing a developer to begin a residential construction project. Our project, which will be completed shortly, shows the power of our direct delivery in action, providing capability and flexibility to achieve our customers' requirements.

 **1.1km**
new carriageway

 **6m**
deep drainage system

2024 outlook

As well as having a strong order book, it is well balanced. We see strong demand from across all sectors, and also have the security of several medium- to long-term contracts which allow us to even out market and economic fluctuations.

Frameworks for Aughinish Alumina, Gas Networks Ireland, DPC, Northern Ireland Water and South East Water provide us with a sustainable, long-term pipeline of work, together with opportunities from Greenways and Solar Farm.

We also continue to work with high-quality customers who appreciate our offering and believe in collaboration and reasonable risk apportionment.



OPERATIONAL REVIEW - NORTH AMERICA

ASSURED DELIVERY OF WORLD-CLASS INFRASTRUCTURE, FUELLING OUR NORTH AMERICAN GROWTH.



The Surerus-Murphy joint venture (SMJV) closed out 2023 with the double satisfaction of a strong year, and the knowledge we helped to complete two of the largest infrastructure projects in Western Canada in the last decade, Trans Mountain and Costal GasLink.

These projects have created, and will continue to leave, a legacy in the lives of all Canadians.

Additionally, they are a powerful showcase of SMJV's abilities, fuelling our expansion both within Canada and the USA in 2024.

The acquisition of WHC Energy Services in October, with our joint venture partner Surerus, allows us to expand operations into the USA in the energy renewables and oil and gas markets.



Assured delivery of world-class infrastructure fuelling our North American growth. During the year, we safely and sustainably delivered multiple key pipeline infrastructure projects throughout Western Canada.

Mick Fitzpatrick
Managing Director - North America



OPERATIONAL REVIEW - NORTH AMERICA CONTINUED

TRANS MOUNTAIN
PROJECT OVERVIEW



CUSTOMER: TRANS MOUNTAIN PIPELINE
EDMONTON TO BURNABY, BRITISH COLUMBIA

The Transmountain project is a 1,150km pipeline running from Edmonton to Burnaby, British Columbia, twinning the existing 1950s line. Surerus Murphy's scope for the expansion project included building 184km of 36-inch pipe in the middle of the rugged Rocky Mountains, near Kamloops, British Columbia.

The expanded Transmountain pipeline will more than triple the flow of Canadian oil to the USA while benefiting all Canadians by opening global markets and capturing higher global pricing.

At peak, we employed over 1,250 workers on the project and accomplished some major technical milestones. These included 15 steep, 20-degree or more slopes; 176 water crossings and 197 road crossings; navigating environmentally sensitive areas and achieving nine major trenchless crossings of more than 4.9km.

Throughout the project, our team benefited the local community. Workers on our Spread 5A section of this project put over \$1m back into the local economy, supporting numerous organisations and thousands of individuals.

 **7.5m**
person-hours safely delivered by SMJV

 **8,735**
welds completed

COASTAL GASLINK
PROJECT OVERVIEW



CUSTOMER: TC ENERGY
COASTAL GASLINK

When complete, the Coastal GasLink will be the first direct path for Canadian gas to reach global markets, delivering quantity but also quality: LNG Canada produces the lowest CO₂ per ton of any Liquefied Natural Gas (LNG) in the world.

Our work on this project began in 2019 and was successfully completed, including reinstatement, in 2023. Along the way, we worked over 6m hours, installed 143km of 48-inch pipe, navigated 168 wetlands and water crossings, and climbed through the Rockies traversing over 90 significantly steep slopes.

Throughout the project, teams faced a range of challenges, from difficult terrain and inclement weather to wildfires and Covid-19 - and yet their resilience shone through. They worked together safely, collaboratively and with determination to excel for one of Canada's most significant legacy projects in recent history.

Our project was located on steep and rural mountainous terrain near the small community of Chetwynd, British Columbia. In the time we were there, we contributed to 50 local community organisations and hired over 230 local and indigenous subcontractors and vendors.

- Displacing up to 90 million tonnes of CO₂ every year, the Coastal GasLink pipeline and LNG facility will make a major positive climate impact by displacing coal. This is the equivalent of removing up to 18 million cars from the road.
- The project delivered over \$1bn in local and indigenous contracting opportunities.

 **230**
local and indigenous subcontractors and vendors

 **6m**
hours worked in 2023



OPERATIONAL REVIEW - NORTH AMERICA CONTINUED

SUNRAY SOLAR PROJECT OVERVIEW PR



CUSTOMER: ARAVA POWER NORTH AMERICA

In Q3 2023 the USA solar market installed 6.5GWdc of capacity, representing almost half (48%) of all new electricity generating capacity added to the USA grid in 2023.

The Sunray project highlights the expanded capacity we now have in the business. In October 2023 SMJV acquired WHC Energy Services. This USA-based energy contractor operates in both traditional oil and gas and renewable energy across multiple states.

The Sunray project is a 272MWdc utility scale solar project in Knippa, Texas, and nearing final completion by WHC's experienced self-delivery teams. The project was delivered as a full engineering, procurement and construction package including detailed engineering, procurement of all mechanical and electrical equipment including invertors and HV transformers and module installation and HV grid connection.

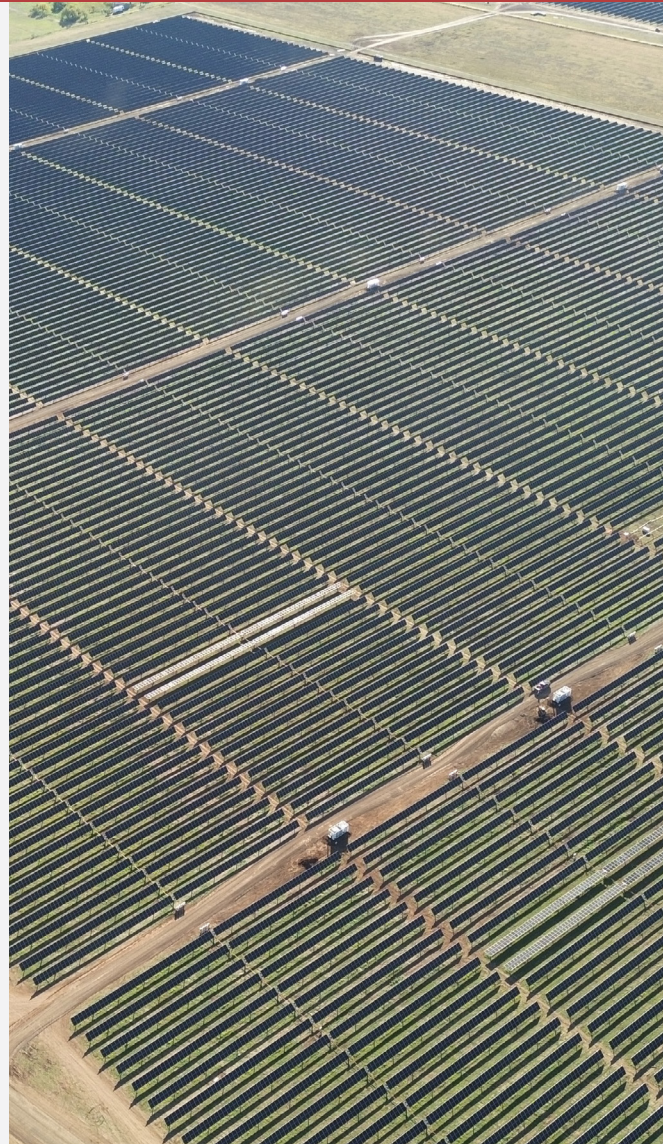
The project began in January 2023 with mechanical completion on target for May 2024. At peak, the project workforce numbered just over 300 skilled employees.

**502,758**

the number of solar
modules installed

**1,875 acres**

the Sunray site covers an
area of 1,420 football fields.



OPERATIONAL REVIEW - NORTH AMERICA CONTINUED

2024: expanded ambitions

Our track record of safe and efficient delivery of complex projects in Canada positions us to widen not only our sector offering, but our geographical footprint.

As we enter 2024, we have expanded our Canadian operations into the rail infrastructure sector in Toronto, with the formation of Kenaidan-Murphy JV. We are excited by the long-term opportunities this partnership will deliver and the impact that we can have on this growing market.

Outside Canada, our acquisition of WHC, as part of the joint venture partnership with Surerus, SMJV, does two important things. It expands our growth into the USA and one of the world's major oil and gas sectors, and it advances our ambition to be a valued partner to our customers as we navigate the energy transition. The acquisition adds significant knowledge and experience in the delivery of utility-scale renewable energy and storage.



ENGINEERING

2023: ENGINEERING MORE SUCCESS



In 2023 we leveraged our existing platform of engineering excellence to increase precision, get the 'Brilliant Basics' right, heighten efficiency, and bring innovation into play delivering smarter, safer, faster and greener solutions for our customers across all sectors.

Richard Sutherland
Engineering Director

We grew our engineering capabilities in key areas such as power and design management and have improved our geographical coverage. This ensures we continue to lead the technical solutions on all our projects as our workload diversifies.

Learning, training, improving

In line with Murphy's 'Continually Improve' value, we embedded improvements across the business in quality delivery, design management and digital engineering, whilst continuing to right-size our technical expertise, push productivity and carbon reduction improvements, and attract and retain the best people.

Our commitment to training included our Delivering World Class Quality training delivered to over 500 managers, supervisors and engineers to date. Focusing on the culture of quality, and aligned to the Get it Right Initiative, this is driving error down across the business.

Design management and digital engineering

Our new Design Management Policy and Procedure was launched, supported by training as well as improved performance assessment of our designers. This is helping to tighten control at the earliest point in our projects - design - where we can have most impact on efficiency, value, and carbon.

Digital engineering plays an important role, in particular at the earliest phase of construction projects where it has the most impact on the proposed solutions and drives more efficiency and better value.

Digital field technology is highly effective in driving collaboration with our supply chain and customer, and assuring compliance with all requirements. With all parties accessing the same digital systems, and using digital quality records for sign-off and progress through our Compliance team, we have streamlined production handover sections of works as we go, engaging with stakeholders whilst undertaking the design.

2024 will see us rolling out digital field technology more widely following the success we saw in 2023.

Murphy tunnelling

The year allowed the tunnelling capability to grow and explore initiatives to further develop our offering to customers. The completion of tunnelling on our London Power Tunnels (LPT) Phase 2 project and the successful award of the Lower Thames Crossing mega project were two notable highlights of the year.

The year also saw the completion of a number of technically challenging and complex pipe jacking projects across all sectors.

Carbon reduction

Our drive for net zero continued during the year, with the highlight being the successful completion of the largest ever pour of 100% cement-free concrete. On 22 April HMJV poured 736m³ of EFC at the Hurst substation site to complete the permanent shaft base level slab. This pour saved 82 tonnes CO₂. Fittingly, the pour coincided with Earth Day, demonstrating Murphy and our partners' commitment to sustainable infrastructure construction.

ENGINEERING CONTINUED

SMARTER AND SAFER: BUXTON ROAD – UNDERBRIDGE RECONSTRUCTION



CUSTOMER: NETWORK RAIL

This rail bridge project was not without its challenges: there were significant stakeholder requirements, location-based issues to address and only a limited blockade of the railway.


Also adding to the considerations was that the bridge was a listed structure, and Historic England required as much of the existing fabric to be retained as possible, preserving the visual appearance. Our team therefore needed to develop an innovative and sensitive approach.

In order to achieve this, we retained the existing bearing pads, and manufactured and constructed bespoke arch ribs to match the existing dimensions. This demanded high precision with detailed laser scanning and manufacture accurate to the millimetre.

The team then developed a structural arrangement spanning in the temporary state with limited bracing and no effective composite action but allowing individual deck units to be placed along the paired arches. We then achieved composite action with a series of cast in-situ stitch pockets and transverse stitch joints, minimising the need for formwork and wet concrete works.

This precision work ensured an efficient construction sequence. We undertook all works successfully within a 10-day blockade to the great satisfaction of the customer and local community; this despite additional challenges during the blockade such as finding existing defective concrete.



 **160**
year-old
bridge

 **6**
cast iron
arches



ENGINEERING CONTINUED

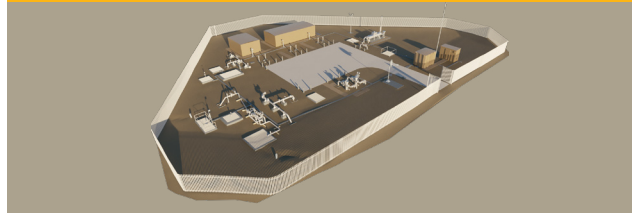
FASTER:
TRU EAST AND NOC 23

CUSTOMER: NETWORK RAIL

NOC 23 was an existing, and failing, twin-arch flood relief culvert located 1.8km north of Church Fenton, which carries a four-track railway. Intervention was needed to safeguard the operation of the railway.

The Transpennine Route Upgrade (TRU) East Alliance proposal infilled the existing structure and constructed three replacement culverts. We used three pipejacking TBMs concurrently whilst keeping parts of the railway operational and sequencing the works around rules of the route possessions.

This works construction procedure was a first of its kind within the UK. Completed within a 54-hour period, it required various disciplines to come together to successfully complete the works. This avoided costly possessions of the railway and minimised the impact on the travelling public.

SMARTER AND GREENER:
BURWELL AGI REBUILD
PROJECT

CUSTOMER: CADENT

From the outset, every aspect of this project has been driven by a focused imperative: how do we reduce the carbon content?

Our customer, Cadent, aims to achieve net zero construction on future sites, and Murphy Applied Engineering (MAE) was assigned to perform a Conceptual Design Study (CDS) for the Burwell Above Ground Installation (AGI) rebuild project. This involved:

- identifying the project's alignment with the UN's SDGs;
- rebaselining the conventional rebuild;
- developing innovative solutions (such as a heat pump system and energy centre package); and
- preparing alternative low carbon designs to reduce high-emission processes/lifecycle stages.

The final low carbon model from the FDS (FDS-LCM-06) was further developed with MAE's recommendation to consider our alternative design model 13 (CDS-ADM-13), which includes:

- an air source heat pump system;
- a solar PV energy centre package;
- low carbon construction fuels (ie, HVO); and
- low carbon materials (ie, EFC).

Implementing these recommendations resulted in a remarkable 77.5% reduction in whole life carbon, compared with a 'business as usual' site rebuild using traditional materials, construction fuels and heating technologies.

This model has led the way in supporting Cadent's approach to a low-carbon future. It is being showcased as an exemplar project and has been presented at the Cadent Sustainability Forum and the Pipeline Industry Guild's Net Zero Transition Panel.

GREENER: RECORD-
BREAKING EFC POUR

CUSTOMER: NATIONAL GRID

We optimised the tunnel diameter and construction methodologies, saving 30% off the baseline (50,000tCO₂e).

Post award, we reduced shaft diameters, made alignment changes, optimised temporary works and switched to HVO and hydrogen fuelled vehicles. Furthermore, high-GGBS/cement replacement and cement-free concrete were adopted, and we re-used tunnel arisings wherever possible. These measures saved a further 17% on the baseline (18,130tCO₂e).

Cement had the largest impact on the project's carbon baseline and so we significantly invested in the testing of an important innovation: Earth Friendly Concrete (EFC), which is cement-free. We gained approval for use in permanent and temporary works following our extensive test regime. A highlight of the project came, suitably, on Earth Day 2023 when we completed the world's largest ever continuous pour of cement free concrete.

736m³ of EFC was poured to fill the base of the 55m deep tunnel shaft on our Hurst site to its permanent level. This reduced carbon by around 64%, saving an estimated 111kg of CO₂ per cubic metre poured, when compared with the GGBS replacement mix that would have been used. This pour, together with EFC trialled in temporary works, has saved around 143tCO₂e to date.

This sustainability-driven project has received widespread attention. We have presented it at the Institution of Civil Engineers (ICE) and the Institution of Structural Engineers (IStructE), and it has become a case study in the Environmental Management in Construction courses run by Act Sustainably. It also won a Green Apple Award, and one of our internal Better Engineered Awards, 2023.

ESG AT MURPHY

ESG AND WORLD-CLASS INFRASTRUCTURE



ESG touches every part of our business, and is ultimately about protecting what's most important: people and their safety; the planet and its future; our communities and their wellbeing; and our Company's ability to employ, construct and thrive.

John Kinirons
Group Safety & Sustainability Director

Driving every part of our business

Murphy may be a sizeable business employing several thousand people, and generating well over £1bn in turnover, but we think and act like a nimble enterprise. We have short chains of command and an entrepreneurial culture to get things done. Nowhere is that more important than in the area of addressing Environment, Social and Governance (ESG) issues.

One of our core values is 'Always Deliver' and we are embarking now on our toughest assignment yet: to deliver net zero for all direct emissions by 2030, and to be net positive for all emissions sources by 2050.

ESG and governance

Our ambitions demand that ESG is woven into the fabric of everything we do, and this requires focus that is applied and enabled from the highest level.

In 2022 we formed a dedicated ESG Committee, chaired and attended by members of the Board-level Group Executive Committee (GEC). It takes direct accountability for Task Force on Climate-related Financial Disclosures (TCFD) and is supported by the sub-working groups of our Social Value Committee and the Climate Action Council. It includes representatives from across Murphy's geographies, sectors and functions, to support our ESG Policy and our Climate Action Plan 2020 - 2050, 'A Greener Murphy'.

Alongside, and also reporting into, the GEC is the Executive Risk Opportunity Committee (EROOC), which is responsible for reviewing and monitoring the principal risks posed to the business. Climate change is deemed to be just such a risk.

It is through this mechanism that Murphy tracks our ESG progress, from climate change to social impact to our contributions against the UN SDGs:

- **Environmental (Climate action and safety)**
- **Social value**
- **Governance**

In the following pages we explain our approach and philosophy regarding ESG, and our continuing ability to reduce safety incidents and seriousness to an all-time low - despite growing our business, people and projects on all fronts.

During 2023 we worked safely over more than 20 million hours. However, this is never allowed to give way to complacency, and every day is day one when it comes to managing safety and risk in everything we do.

ESG AT MURPHY CONTINUED

The United Nations Sustainable Development Goals

“We regard the Sustainable Development Goals (SDGs) as our North Star in Murphy’s evolution to becoming a genuinely sustainable business. Murphy has identified eight SDGs where we can make a particular contribution. We also act in the knowledge that these goals have a deadline: 2030.”

Tom Hollingworth
Group Climate Action Director



SDG 3: Good health and wellbeing



SDG 5: Gender equality



SDG 7: Affordable and clean energy



SDG 8: Decent work and economic growth



SDG 9: Industry, innovation and infrastructure



SDG 10: Reduced inequalities



SDG 12: Responsible consumption and production



SDG 13: Climate action

How Murphy is contributing to this goal.

One of our core values is ‘Never Harm’. We are deeply committed to the safety and wellbeing of every team member, and of the general public. We also have active support for mental, as well as physical, wellbeing. This is important in a sector where suicide is three times more prevalent than average.

We seek to reflect internally the society we serve externally. This means making every opportunity to be hired, trained and developed open equally to women and men. We also work to encourage women into what is a traditionally a male-dominated sector.

Murphy works closely with the low-carbon energy sector, with direct delivery construction services for the nuclear and renewable generation industries. By 2025, 100% of our energy requirement will come from renewable sources.

We seek to work with customers who share our sustainable goals, and who pay us fairly and properly for the work we do. We apply the same ethos to our own workforce. We offer genuine, full-time employment and career opportunities, high-quality benefits, and competitive rewards for our team’s contribution to our success.

Our company purpose is to improve life by delivering world-class infrastructure. Our work helps people and nations to work, be productive and thrive. In doing so, we seek to innovate with lower-impact methods, materials and plant, and to advance sustainability in all that we do.

We extend an equal welcome and opportunity to everyone, regardless of age, sex, disability, race, ethnicity, origin, orientation, religion, or economic or other status. Our work contributes to communities by providing inclusive infrastructure for a more sustainable future, alongside investment in economies wider than our own.

We produce our work with the lowest impact possible, by designing sustainability into our projects at the earliest stage. Every procurement decision, from plant and machinery to materials and low-carbon fuels, is driven by reducing climate impact. This extends along the value chain, selecting suppliers who share these goals.

Our stated goal is to be net zero for operational emissions in the UK by 2030. It is embedded in our working culture and decision making, and our owners, colleagues, customers and suppliers are united in this vital and shared aspiration.

ESG AT MURPHY CONTINUED

HEALTH, SAFETY & WELLBEING

'The 3 S's to Success' help us continue to bridge the gap to Never Harm.



No consideration, whether practical or economic, is ever allowed to override the safety of our people or the public. Our safety performance in 2023 was excellent, but we always bring an 'active dissatisfaction' to safety at work each day in order to guard against complacency.

When rules are simpler, they're safer.

During 2023 we continued to strip back and refresh our Murphy Integrated Management System. This brings full clarity on what needs to be done, who's accountable for it, and the targeted end result.

But we recognise that this isn't enough on its own. Ensuring that our people follow our procedures and make the right choice every time requires a multifaceted approach, including a mature culture which we encapsulate as 'The three S's'.

They are: Standards (the visual elements that communicate safety simply and powerfully), the Success Cycle (the essential components of safe and successful project delivery) and Speak Up (having the confidence to challenge when something might not be right). This simple toolkit bridges the gap between the expectations in our management systems and actually achieving our Never Harm goal.

This has proved to be effective: in fact, 2023 was our safest year ever in terms of accidents and incidents. Equally, there are going to be times when good fortune has played a part. With the right preparation and a laser-like focus on our simplified rules, our efforts in 2024 and beyond aim to drive luck out of the equation entirely.

Separately, a different danger affects our industry as a whole. It is a tragic reality that more people are lost in the construction industry to suicide rather than from accidents. Consequently, as a self-delivery employer working in remote geographies we are very alert to the mental health challenges facing our colleagues.

In 2023 we continued to invest heavily in mental health first-aid training and awareness, backed up by partnerships with the Lighthouse Construction Industry Charity. This will continue in 2024. For more, please see page 26.

Leadership	Supervision	Culture	Standards
Our leadership teams demonstrate visible and effective leadership of our Never Harm value.	Our supervisory teams take pride and ownership in their work areas. We equip them with the tools to deliver health and safety excellence in their roles.	Our people consistently make the right choices . Our project teams and supply chain partners embrace health and safety challenges as a collective.	We outline clear expectations and utilise our assurance programme to check our progress. We quickly identify, share and embed learning across our projects.



ESG AT MURPHY CONTINUED

What is our Culture Development Programme?

Murphy's Culture Development Programme (CDP) drives and reinforces the behaviours and choices necessary to achieve Never Harm.

The programme encourages colleagues to reframe their mindset to align with our values. It is delivered by our dedicated team of full-time CDP coaches who are embedded in our business units, ensuring projects receive support from inception to handover.

Celebrating its 14th year, the CDP has evolved alongside our business growth. In 2023, we advanced further by collaborating with the Institution of Occupational Safety and Health (IOSH). This led to the programme becoming the first cultural module of its kind to attain IOSH approval.

This recognition reinforces the importance of our CDP programme in driving improvements in our performance.

What have we delivered?

Our in-house coaches ramped up engagement with CDP across the business in 2023, delivering:

- **163** Hub Day events – laying the groundwork for our Murphy culture
- **297** project-led targeted events, proactively tackling project-specific risk. eg. Never Harm Underground
- **366** one-to-one coaching events: supporting our front-line supervisors to develop their capability and approach.

Our CDP Influencers

We introduced an employee influencer working group.

Its role is to champion our values and be a catalyst for feedback and innovative ideas. In 2023, we identified three key focus areas for the group: Carbon, Communication and Wellbeing. Collaborating with this influential group has not only helped to shape our approach but has also reinforced a learning culture, empowering our teams to contribute to how we continuously improve as a business.

Occupational health

In 2023 we began the task of bringing our Occupational Health service in-house.

We had previously relied on external providers, but believe we can deliver a more personal service to our colleagues and a better transition for those employees returning to work from illness.

More widely, 90% of our operational teams completed a health surveillance medical during the year.

We also completed 'Know Your Numbers' days in our office locations, which confirmed that 100% of attendees had a low cardiac risk and 90% had no diabetes issues.

In recent years, the realisation that mental health is as important as physical wellbeing has risen appreciably. In response to this the Company has formalised training for colleagues to feel encouraged to ask for help if they need it, and to be equipped to identify and help others who might be struggling.

Well over 300 people across the business have received mental health training in these areas:

- Start the Conversation – **135**
- Manage the Conversation – **105**
- Mental Health First Aid – **94**

DEALING WITH A LOSS IN THE TEAM

In October 2023, we were greatly saddened when a colleague, employed on one of our projects in Burnley, passed away.

The death did not occur on site, and it was unrelated to the works, but the shock left a considerable depression within the team.

A member of our Health and Wellbeing team was duly stationed at the site and encouraged anyone who needed help to reach out. They also offered information about the Lighthouse Construction Industry Charity, which is dedicated to the health and wellbeing of the construction sector, and which subsequently ran two group sessions with the project team as part of the support.

Over the next weeks six people received further professional support in dealing with this sad loss, with some finding it had triggered memories of other past events. One person commented: "It was quite daunting for me as I have never approached or spoken to anyone previously, but I was made to feel at ease within minutes."

As part of the ongoing response, Mental Health First Aiders also completed two bespoke Start the Conversation training sessions on site, to get the teams to fully understand the need to talk and support each other, and where to go for help if they needed it.

CLIMATE ACTION

THE ROAD TO NET ZERO: THE JOURNEY SO FAR

'A Greener Murphy' is our ambitious Climate Action Plan, and 2023 saw significant progress towards our destination of net zero direct emissions by 2030.

2023 highlights included:

- achieving a further 8.4% carbon reduction vs 2022;
- almost halving our cumulative emissions reduction total vs our 2019 baseline by 48.2% - this brings our 50% reduction target by 2026 into range;
- submitting for validation our emission reduction targets through the Science Based Targets initiative (SBTi), aligned to 1.5°C;
- expanding our capability to categorise and calculate our full Scope 3 inventory - in line with the Greenhouse Gas (GHG) Protocol - now with a clearer understanding of our full global impact;
- launch of our own Murphy Carbon Calculator platform, to help projects track operational emissions in real time; and
- expansion of our emissions database to include the full suite of our international operations.

Next steps

We are fighting climate change on multiple fronts, and supporting our ambitions with energy, activities and significant investment - primarily through alternative fuel transition and behavioural change, alongside engaging and helping our supply chain on their own journeys.

Our Murphy at 75 Climate Action targets



£75m

Investment over the next five years in state-of-the-art, environmentally-conscious plant, equipment and vehicles



50%

The net reduction achieved in emissions over the next five years, to coincide with our 75th anniversary



5,000 trees

to be planted every year, including one for every new starter to grow alongside their career

Diverting



100%

of avoidable waste from landfill and embracing the circular economy principles to promote resource productivity by 2025



100%

renewable electricity powering our business by 2025



75 schools

To mark our 75th anniversary, we will engage with 75 schools by 2026 to educate the next generation on climate change, global biodiversity issues and lower-carbon living

CLIMATE ACTION CONTINUED

MURPHY AT 75: OUR COMMITMENTS

Operating responsibly

In 2026, the Murphy business turns 75. It will be an important landmark in a proud history, but we will also be looking to celebrate something even more important: a series of environmental targets achieved along the way. We are in the business of making life better, and this is the focus of our 'Greener Murphy' strategy. We are also a multi-generational family business, so thinking about the future for the next generations comes naturally to us. This is also perfectly in sync with our 'Never Harm' value which incorporates both people and planet. We've already shown how we have successfully reduced our emissions year on year for over a decade, but our work is just beginning. This roadmap shows our route to net zero for direct emissions, and to be net positive by 2050 for all emission sources.

NET ZERO PROJECTS

Solutions proposed for selected major projects, with low-carbon options delivered to all customers and carbon reduction targets set for all projects

SUSTAINABLE FLEET TRANSFORMATION

Consolidate Group fuel supply, introduction of Murphy Plant Limited alternative fuels and electric vehicle strategy, and rollout of low-carbon refreshed company car fleet

MURPHY OFFSET PROGRAMME

Introduction of nature-based solutions

A GREENER MURPHY

Release of our new Climate Action Plan: 2020 – 2050 entitled 'A Greener Murphy': our roadmap for delivery

NET ZERO PROJECTS

Selected major projects to achieve net zero (supported by our offset programme). Low-carbon options and 'net zero' solutions

ALTERNATIVE FUEL TRANSITION

Hydrogen combustion, electricity connections and 2nd generation biofuel introduced - the start of removing our reliance on fossil fuels, driving towards 'diesel free' by 2030 through renewable sustainable fuel alternatives

REAL-TIME EMISSIONS CALCULATIONS

Introduction of business-wide Murphy Carbon Calculator

MURPHY ROOTS PROGRAMME

150 schools will be engaged with by 2030 – educating the next generation on climate change, biodiversity issues and lower-carbon living

GREEN PLANT

£150m investment in state-of-the-art, environmentally conscious plant, equipment, vehicles and assets by 2030

Net zero for all operational emissions (UK)

SUPPLY CHAIN

80% of supply chain partners to have set emissions reduction targets in line with SBTi (Science Based Target Initiative), moving to 100% by 2030

100% RENEWABLE ELECTRICITY

Company-wide emissions will be net zero carbon

2024

NEW GROUP STANDARDS AND EXPECTATIONS

Baseline all international operations; introduce net zero targets for all subsidiaries, ensuring we build a greener future in all geographies we operate

SCIENCE BASED TARGETS

Reduction targets verified by SBTi – ensuring we play our part in a securing a <1.5°C future



2029

2030

2028

2027

2026

2025

2023

2022

2021

BEHAVIOURAL CHANGE

Rollout of our 'A Greener Murphy' behavioural change module, improving carbon literacy and helping projects to take 10 steps to 10% emissions reduction

NET POSITIVE FOR ALL EMISSIONS SOURCES

2040

2050

150,000 TREES PLANTED

5,000 per year since 2020, forging a clear link between climate action and our biodiversity: nature positive ethos

BIODIVERSITY FOCUS

Restoration of land within Defra's Nature Recovery Network, and partnership with World Land Trust

ALTERNATIVE FUEL FEASIBILITY UPDATE

Hydrogen transition for plant equipment

50% EMISSIONS REDUCTION

+
2030 NET ZERO
+
2050 NET POSITIVE STAND

LIFECYCLE CARBON

Establish and implement a Group-wide PAS 2080 framework; introduce a Green Procurement Guide and 'Green by Design' checklist, to extend the principles throughout the value chain and deliver low- and zero-carbon infrastructure

CLIMATE ACTION CONTINUED

Driving climate action Sustainable fleet transformation

In keeping with our direct delivery model, Murphy also owns the plant business that serves our projects. This ensures that we have total control of the plant we use – and do not use – so that we can maintain the highest environmental standards and minimise our climate impact. In 2023 the business invested £39.0m state-of-the-art green technology, which will be instrumental in delivering our stretching emissions reduction targets.

2023 highlights:



94.4%

The percentage of our company car fleet that are either battery (BEVs) or plug-in hybrid (PHEVs)



£39.0m

The investment in state-of-the-art, environmentally-conscious plant and equipment in 2023



100%

Rollout in the UK of 100% pure HVO fuel dispensed from our UK Murphy Plant depots



Green Guide

Updated Green Guide giving our projects access to the latest environmentally conscious plant to reduce carbon emissions



Solar welfare vans

Introduction of solar welfare vans and solar panels on HGV cabs

EVS: A BREATH OF FRESH AIR



A telehandler is a vital piece of kit and in this instance was being used to perform the general loading and unloading of stores on our Transpennine Route Upgrade (TRU) East Alliance.

However, our original unit had two drawbacks: first, it was powered by diesel, which is a high-emitting fuel; and second, team members had to stop work inside the buildings to allow the hazardous diesel fumes to disperse. Through owning our own plant business, Murphy is constantly up to speed with new and improved technologies, and we identified a suitable upgrade in the shape of an EV telehandler with sufficient power and handling capabilities for the task in hand.

The benefits of the new EV alternative are significant:

- Zero emissions: the new EV saves 108kg CO₂ per litre burnt compared with its diesel predecessor, every week.
- Health and safety: zero hazardous fumes.
- Productivity and service levels: a major gain of up to 150 working hours a week as our teams can now work without interruptions.



We requested the electric telehandler by preference as it can be used inside the buildings with no worry of fumes; also with it being electric there is no cost for diesel and no emissions and the cost to fully charge the machine is very limited with the charging point. The added benefit is it is a lot lower to the ground, making getting into the machine easier, but it still has a lifting ability of 2,600kg, making it an ideal piece of equipment for our needs.

Member of the TRU East Alliance team

CLIMATE ACTION CONTINUED

ENVIRONMENTAL
STEWARDSHIPCLIMATE ACTION BEYOND
EMISSIONS REDUCTION

Although emissions are the greatest threat to the planet, our expert teams also manage risks posed by other significant physical phenomena, such as water, air, land and other ecological factors we encounter, together with waste produced in creating a more sustainable future.

Wherever possible, our teams provide innovative solutions to bring mutual value to both the project and the environment, whilst positively contributing to the communities in which we work.

**MURPHY ROOTS: PLANTING CLIMATE KNOWLEDGE
IN SCHOOLS**

75 years, 75 schools: to mark our birthday in 2026, we've committed to engage with schools to support local community projects, plant trees and help educate the next generation on climate change and global biodiversity issues.

We are making great progress: we've already got together with 51 schools across the UK and Ireland, hosting educational events and community projects, and planting over 3,000 trees in the process. All these schools have been nominated by our own colleagues, supporting their families and communities.

**MURPHY CREATES A FOREST GARDEN FOR
ST LUKE'S PRIMARY**

A recent Murphy Roots visit involved a project at St Luke's C.E. Primary School in Lowton, where a Murphy team created a forest garden for the children. Work included creating raised timber beds for growing fruit and vegetables, a bug hotel and a pond to encourage wildlife. The children pitched in with the planting - providing an educational opportunity in the importance of biodiversity and sustainability.



Through this project, we are able to take a huge step to achieving our shared vision to educate the next generation on climate change, lower-carbon living and protecting our local and world environment.

Steve Hardaker

Head Teacher at St Luke's C.E. Primary School

Resource productivity and the
circular economy

Driving a culture of waste to wealth

We're increasing resource productivity to:

- make the most of finite natural resources;
- encourage a circular economy contribution; and
- deliver industry-leading waste reuse and recycling rates.

2023 highlights:**99.6%**

diversion of waste from landfill - our highest rate to date, and one step closer to Zero to Landfill

**30%**

less project waste produced (in tonnes), reducing our waste intensity (waste generated / £m turnover) by over 51%

**100%**

of plastic waste and office-generated waste streams, recycled or repurposed. Industry-leading recycling rates

**70%**

of all waste produced on our projects recycled or reused. Now targeting +15% more, for Murphy at 75

CLIMATE ACTION CONTINUED

During 2023, Murphy's climate action took many forms across its three main geographies.

UK

A world record-breaking sustainable concrete pour

Our joint venture, HMJV, working for customer National Grid, made the world's largest continuous pour of Earth Friendly Concrete®(EFC) for the London Power Tunnels Phase 2 (LPT2) project.

Cement has traditionally been the key component of concrete – but its production is a massive emitter of CO₂. Indeed, around 8% of the world's entire carbon emissions come from the cement sector.

However, the world depends on concrete for construction; it is the most widely used man-made substance.

As part of Murphy's search for new concepts in lower-carbon materials, we found an answer in EFC. This cement-free innovation reduces carbon by around 64%, saving an estimated 111kg of CO₂ per cubic metre, compared with traditional concrete.

For a project such as LPT2, this added up to a major saving of around 82 tonnes of CO₂ – roughly the equivalent of driving a car around the world 18 times.

Fittingly, HMJV made this epic concrete pour on Earth Day 2023. It was the largest continuous pour of EFC as 736,000 litres filled the base of the 55m deep tunnel drive shaft at National Grid's Hurst substation in South London.

Ireland

Custom-made customer service

Steel fabrication is a resource in constant demand and our business in Ireland took a step towards meeting that need for its customers by opening a dedicated new facility in Newbridge, County Kildare.

The workshop is playing an important role in carbon-cutting measures, including for solar panel and power storage projects. The business also supported green initiatives including:

- rolling out HVO to fuel our plant;
- the All-Ireland Pollinator Plan and #NoMowMay campaign;
- holding a Murphy Roots session at a school in Dublin;
- a solar pod in use on a customer site in Scotland; and
- becoming a founding partner of the Irish Supply Chain Sustainability School.

North America

Savings through the roof

Our Surerus-Murphy joint venture (SMJV) in Canada is now an electricity prosumer, actively consuming the energy it produces.

At the Spruce Grove Yard in Edmonton, SMJV decided to put its abundant roof space to work. Ranged across two large workshops on the property, they have installed 1,252 solar panels, which generate 513kWdc.

Derek McLean, Sustainable Energy Manager for SMJV, says: "We're always seeking solutions to lessen our emissions and environmental footprint. By putting our unused roof space to work, we not only enhance the productivity of our buildings but also decrease our reliance on the grid, leading to a significant reduction in our Scope 2 emissions."

The Company was also able to maximise federal and provincial government incentives, making it a cost effective way to reduce its carbon footprint.

FOSSIL FREEDOM: WE TRANSITIONED TO 100% HVO

2023 was a landmark year as we powered our fleet with 100% pure HVO. The result: a remarkable 90+% less CO₂ emissions vs conventional diesel.

Our alternative fuel strategy is an integral part of our drive to net zero. Following a full due diligence exercise we started the rollout of pure HVO via our plant depots, made from 100% waste product.

With fuel accounting for c.85% of all of our direct emissions, HVO was key in reducing this by over 8% in 2023.

Whilst we support the ongoing transition to hydrogen and other exciting emerging technologies, in 2024, we're targeting using over one million litres of HVO across our UK business, alongside a rollout in Ireland and North America.



90+%

less CO₂ through use of HVO vs diesel



1,252

solar panels installed

CLIMATE ACTION CONTINUED

Biodiversity: our mission beyond emissions Building a 'nature positive' business

While emissions reduction is a crucial priority in the face of the climate emergency, we have a hugely exciting opportunity to embrace nature-based recovery and solutions as part of the journey.

In 2021 - 2022, and in keeping with SDG 15 (Life on land) we made a commitment to halt biodiversity loss and develop a 'nature positive' business ethos. This led to Murphy developing the Buildings and Infrastructure section of the Council for Sustainable Business (CSB) handbook, supported by Defra. This piece of work highlighted the impact of construction on nature and the action needed to help reverse biodiversity loss.

In 2023, we built on this commitment by extending a challenge to our own construction projects to be nature positive; to take the view that even in the most challenging environments there is always something we can do for nature.

Next steps

Nature and biodiversity gain now sits at the heart of decision making and the earliest stages of design. So as well as mitigating negative impacts, the focus is on conservation, regeneration and growth. In 2024, we will double down on action for nature in our own back yards, and in our projects for customers.

Nature positivity in 2023: our projects ranged from forest restoration, wetland preservation and hedgerow installation to bug hotels and wildflower seeding, achieving several net gains in biodiversity.

Contributing beyond our own boundaries

We believe we have some valuable learning and experiences to share. In 2023, we released our new Group biodiversity handbook to showcase the best examples, and updated the CSB handbook for the benefit of our sector.



ST FERGUS, SCOTLAND

The Murphy Roots scheme came to the town of St Fergus in Scotland during the year, equipped with fencing, saplings and a bunch of volunteers from our Energy business unit and a team from National Grid.

The mission was to install a much-needed divider between the community football field and an adjacent river embankment. This facility is highly prized by local primary and secondary schools, amateur clubs and teams from across the area to use for practice, lessons and games.

The cost of materials was kindly funded by National Grid, and the local Murphy team at St Fergus provided the labour under the Company's Giving Back Day scheme.

The tree saplings will grow to provide shelter along the eastern edge of the pitches and the cherry trees will enhance the green space towards the back of the park.

10,000 TONNES OF SPOIL REUSED



CUSTOMER: NETWORK RAIL EMBANKMENT SLOPES

The project

After an extensive works programme for Network Rail involving embankment slopes, refurbishing drainage ditches and constructing a 3.7km access road, this project yielded more than 10,000 tonnes of surplus topsoil and subsoil. The team calculated that this would need 588 HGV movements to transfer the soil to the nearest waste facility. This would cause the emission of over 1.2 tonnes of CO₂ and cause traffic management issues for local shops in the rural areas of Blackthorn and Piddington, Oxfordshire.

The solution

Murphy ecologists and landscape architects worked with Cherwell District Council and Natural England to devise an altogether more elegant and environmentally friendly solution. This was a golden opportunity to encourage biodiversity and they created a grassland wildflower habitat that would flourish over time.

The result

The result is a successful example of wildflower grassland meadow management. Before the works began, metrics showed a habitat baseline of 20.87 units. This will rise to 22.95 units, achieved both on and off site, delivering a total habitat gain of around 10%.



30.7km
access road built



10%
total habitat gain

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sustainability Information Statement Climate-related governance

We welcome the drive to appropriately assess climate-related risks and opportunities instigated by the industry-led task force: the Task Force on Climate-related Financial Disclosures (TCFD) – we have aligned the following summary to the recommendations to present a transparent and consistent disclosure of our climate risks and opportunities, around four key pillars:

1. Governance
2. Risk Management
3. Strategy
4. Metrics and Targets

We are committed to taking climate action where it's most needed in our business as we target net zero by 2030 for UK direct emissions and net positive for all emissions sources by 2050. With an ambitious plan in place, and an engaged workforce and supply chain, it is key we understand the level of change required to build our business resilience, actively reduce our emissions and be part of the solution to reverse the devastating global effects of climate change. Taking responsibility for climate-related issues at the highest level of governance is of prime importance to us – the Executive Risk and Opportunity Committee (EROC), which is a subcommittee of the Group Executive Committee (GEC), and is responsible for reviewing and monitoring the principal risks affecting the business, including climate-related risk and opportunities.

The GEC is ultimately responsible for climate-related strategy and its implementation, and includes our Group Safety and Sustainability Director. These individuals also have budgetary control and insight into future investments and a growing workbook in order to allocate

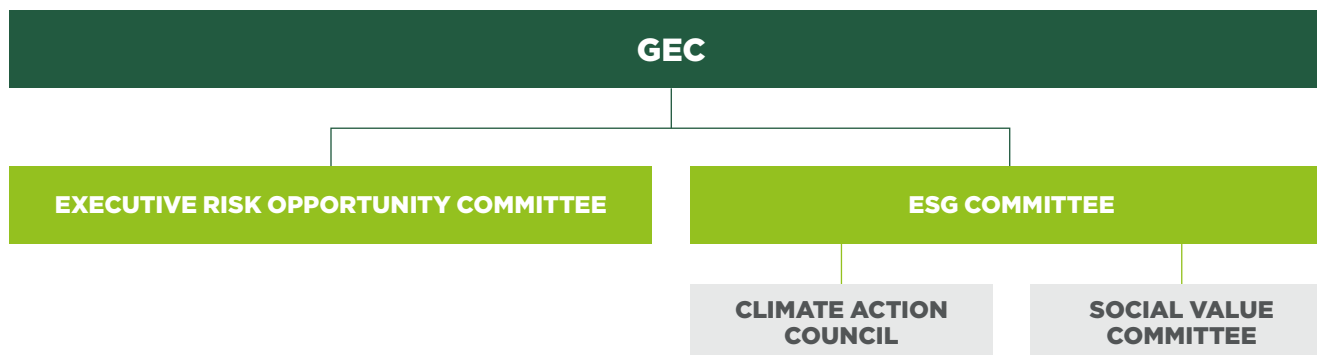
sufficient resource and ensure our strategy is aligned to the wider direction of the business.

In 2022, we formed our ESG Committee which continues to take direct accountability for TCFD-related reporting. It is chaired and attended by members of the GEC, with sub-working groups of our Social Value Committee and the Climate Action Council – including representatives from a full spectrum of Murphy geographies, sectors and functions in support of our ESG Policy, including our Climate Action Plan 2020 - 2050, 'A Greener Murphy'. To support them, our Group Environment Forum comprises Institute of Environmental Management and Assessment (IEMA) approved in-house sustainability professionals, who feed expertise into the working groups and advise on climate-related issues.

The Climate Action Council is tasked to gain input from all areas of the business, discuss the merits of climate-related ideas, challenges, priorities and innovations raised throughout the Group; channel suggestions from all levels and roles into one place for debate on potential implementation, enable a process for best practice and case study submission for potential inclusion in the Company ESG report, and cascade information back to business units and functions to enable the most impactful suggestions and changes. The group meets quarterly, collates feasible outputs to contribute to emissions reduction and feeds into the Executive ESG Committee.

The Murphy TCFD timeline

- 2019:** Achieved 30% emissions reduction one year ahead of target. Introduction of Climate Action as a strategic objective in the Murphy at 75 strategy and integration into objectives to combat climate-related risk at the highest level of our business.
- 2020:** Introduction of our Climate Action Plan to build 'A Greener Murphy', setting our path to 2050. Rebaselined to target a 50% reduction by our 75th anniversary – more than tripling our rate of reduction!
- 2022:** Signed up to the SBTi, committing to aligning our emissions reduction to 1.5°C.
- 2022:** New ESG Committee formed, which subsequently recommended that climate-related risk is elevated to principal risk and assessed in its own right as part of the Q1 2023 review.
- 2023:** Our climate change targets to be submitted to the SBTi for validation.
- 2024:** Further development of our TCFD approach, incorporating international subsidiaries of Murphy – each geography to have set a robust net zero target in line with government and customer ambition, with an associated plan in place to deliver on our commitments.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Strategy

A changing landscape...

With unprecedented global temperatures, and extreme and unpredictable weather events on the rise, the environments and markets we operate in are changing. It is therefore imperative we continue to identify, mitigate and reduce climate-related risk to our business and, conversely, the risk posed by our business to the climate.

Our Climate Action Strategy is a clear, transparent, targeted approach to achieving 'A Greener Murphy'. We have distilled the net zero challenge into actionable 'operational' focused targets to ensure climate action is at the heart of project delivery and, at the highest level of our business: the GEC has set six Murphy at 75 Climate Action targets to be achieved in conjunction with our 75th anniversary in 2026.

These are:

1. Investing £75m in green plant to reduce our emissions.
2. A 50% net reduction in emissions by 2026.
3. 100% renewable energy for our business by 2025.
4. Diverting 100% of avoidable waste from landfill by 2025.
5. Plant trees: we will plant 5,000 trees a year.
6. Engaging with 75 schools by 2026 to educate the next generation on climate action.

Along with the above, the GEC has also committed to setting and verifying targets in line with the Paris Agreement of limiting the global temperature increase to 1.5°C by signing up to the SBTi. We submitted these targets for validation in 2023.

Our challenge is three-fold: decarbonise our operations to net zero, enable our customers to do the same through low-carbon construction and innovative material selection for their assets and in doing so, collectively decarbonise society.

Climate Action is one of Murphy's key strategic objectives, extending our 'Never Harm' value into the communities and environments we work in, and the planet we occupy.

Our roadmap to net zero and beyond can be found on page 27.

Risks and opportunities – our methodology:

Climate-related risks and opportunities are prioritised using a matrix scoring system that considers the likelihood of occurrence, the severity or size of the risk or opportunity and the timescale and the reputational/financial significance. The level of residual risk determines the level of control required and triggers a series of action plans to mitigate. The process for identifying climate-related risks and opportunities from climate change is incorporated within the Company's overall approach to management and compliance. Strategic risks are discussed at the EROC and reviewed by the Risk and Opportunities Board Committee.

Our project management teams assess and manage climate-related risks and opportunities through our project controls, our project level Aspects & Impacts registers and associated environmental management plans - lessons learnt enable project experiences to be captured and fed into the wider business.



UK net zero progress to date - Platinum certification in carbon reduction (ISO 14064). Emissions reduction for 15 years:



30%

Achieved 30% emissions reduction one year early (currently 58.49% emissions reduction since 2009)



50%

Now targeting a 50% reduction by Murphy at 75



8.4%

In 2023, reduced a further 8.4%: now totalling 48% since our rebaseline in 2019



Net zero

Targeting net zero by 2030 for direct emissions

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

RISK MANAGEMENT

MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED, CATEGORISED BY PHYSICAL AND TRANSITIONAL FACTORS:

Timeframe	Risk	Opportunity
Short (0 - 3 years)	<p>Physical</p> <ul style="list-style-type: none"> The temperature increases we are experiencing year on year are bringing about more extreme and extended heatwaves, which put the health and safety of our predominantly outdoor workforce at increased risk. <p>Transitional</p> <ul style="list-style-type: none"> The frequency of climate-related disclosure regulation has risen over recent years and with ever more ambitious government targets, this trend appears set to continue. The failure to comply with this emerging legislation could result in fines and reputational damage, disrupt project timelines and, ultimately, have a knock-on impact on projects/services and profitability. Our recruitment data shows that sustainability performance has become a priority to this generation of graduates and apprentices when choosing a place to begin their careers. If we under perform in key environmental areas, there is a significant risk of not obtaining young talent, essential for the continued growth of the business. 	<p>Physical</p> <ul style="list-style-type: none"> Support and promote biodiversity in the communities we work in by offering nature-based solutions on our projects that allow wildlife to thrive to help counter global species loss. <p>Transitional</p> <ul style="list-style-type: none"> Embed a 'green consciousness' within our graduate recruitment programmes, building the next generation of climate enthusiasts across the business and positioning us to seize the opportunities of the green economy.
Medium (3 - 10 years)	<p>Physical</p> <ul style="list-style-type: none"> With the increased rate and severity of unplanned weather events comes the risk of more frequent and extended unexpected delays to project programmes, posing a significant financial impact. As we begin to experience more extreme weather events, increased global temperatures and rising sea levels, our supply chain will be forced to adapt along with us. This impact will likely cause supply shortages, increased prices and the loss of products/services, and thus incurred costs. <p>Transitional</p> <ul style="list-style-type: none"> The implementation of further regulatory restrictions on the way we and our supply chain operate (ie combustion engine and red diesel bans) will mean we must change our current methodology or risk fines or the halting of work. The necessary shift in approach will carry an increased financial risk. As society become more environmentally conscious, there will be an increased focus on sustainability performance from consumers and customers, and therefore an increased reputational risk associated with 'greenwashing' or falling below expected standards. 	<p>Transitional</p> <ul style="list-style-type: none"> The increase in regulatory restrictions will offer us an opportunity for innovation in the way we operate, whether through investment in green plant and equipment or alternative fuels.
Long (10 - 50 years)	<p>Physical</p> <ul style="list-style-type: none"> Global supply of finite materials and resources that are essential for the infrastructure industry will come under strain. This will cause supply shortages, increase costs and risk our current mode of operation. <p>Transitional</p> <ul style="list-style-type: none"> The increased demand for sustainability professionals in a future 'green economy' is likely to cause a green skills gap across the industry and wider economy which could limit our pace of transition and ability to adapt effectively. The markets we operate in will change as society moves towards net zero. There will be a change in the viability and funding of existing projects and a switch to investment into more sustainability-driven workstreams. There is a risk of not gaining access to these markets if the business fails to address and underperforms on climate-related issues. 	<p>Physical</p> <ul style="list-style-type: none"> As the global supply of finite materials and resources that are essential for our current operations becomes scarce, there is an opportunity to find innovative and creative new engineering solutions. Capitalising on this opportunity could put the business at the heart of developing the generation of sustainable materials for the industry. <p>Transitional</p> <ul style="list-style-type: none"> The UK, North American and Ireland Governments' commitments that will oversee the country's transition to a net zero economy require large investments into green infrastructure. This provides us with the opportunity to access these new markets and utilise emerging technology in the process to grow revenue. Given the importance of the role infrastructure will play in tackling climate change and in limiting its negative impacts, there is a great opportunity to further our purpose of improving lives by delivering world-class infrastructure by being at the forefront of sustainable infrastructure implementation.
Impact on business model and strategy	<p>The core risks facing our business and operations in the short, medium, and long term are; project and supply chain disruption due to extreme and severe weather; a green skills gap within the company and not gaining access to new markets by underperforming on climate action. Failure to address these correctly will result in increased costs, a loss of revenue and the inability to adapt to a changing market. To address these, we have laid out an ambitious Climate Action Plan 'A Greener Murphy' which sets out stretching targets including being net zero by 2030, ensuring we are in a position to innovate with the times.</p> <p>We estimate the financial impact from lost time alone through extreme weather events to be in excess of £9.2m across the Group by 2030.</p>	<p>The primary opportunity for our business is to capitalise on the large infrastructure investments that are required to transition to a net zero economy. This investment creates large potential for growing revenue as well as diversifying the capabilities of the business by expanding into emerging markets. We recognise that these green infrastructure projects will only be awarded to businesses that have the highest environmental standards and are aligned towards a common goal. In order to ensure we are in a position to grow from these emerging markets, we have incorporated Climate Action as one of our key strategic objectives, extending on our 'Never Harm' value. This has resulted in, amongst others, the commitment to invest £75m in green plant and equipment by 2026. In order to realise the transitional opportunities of emerging decarbonising markets, we are increasing our capability to deliver low-carbon projects for our customers to support the energy transition. We anticipate the annual energy infrastructure capital expenditure to increase from an annual average of £26bn to £38bn per year over the next 30 years (energy spend, DNV Energy Transition Outlook UK 2024).</p>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Metrics and targets

We have measured our social and environmental performance for over a decade – initially focusing on Scope 1 and 2 emissions. 2023 marks the first time we have reported a full suite of emissions data, including Scope 3, for the whole Group.

Having achieved a 30% emissions reduction one year ahead of plan in 2019 we set our framework for Climate Action: 2020 - 2050, entitled 'A Greener Murphy'. We calculated science-based targets to achieve net zero in the UK by 2030 for direct emissions and our long-term ambition of carbon net positive by 2050 for all emissions sources. Additionally, to coincide with our Murphy at 75 goals, we're targeting a further 50% net emissions reduction by 2026 (against our 2019 performance), effectively tripling the rate at which we have reduced over the last 10 years. We are committed to making this our most sustainable decade yet.

We also set stretching targets to mitigate the risks and realise the opportunities arising from climate change – since 2020, we have incorporated climate action-related KPIs into Group objectives. In 2023, on the back of significant progress with the expansion of our emission inventory to include the full Group operations (including adoption of the Carbon Reduce ISO standard in Ireland), we targeted an 8% reduction across the Group as part of the Company balanced scorecard.

2023 Group emissions summary

Group: UK, Ireland, North America	2023
Scope 1 tCO ₂ e	58,650
Scope 2 tCO ₂ e	1,377
Scope 3 tCO ₂ e	741,318
Total (tCO₂e)	801,345

In 2023, we tracked and verified a number of climate-related key performance indicators, including:

- £75m investment by 2026 in our 'Murphy Plant: Green Guide', our offering of environmentally conscious plant and equipment – we are targeting £15m per year. In 2023, we exceeded this by >£20m. We're also tracking average CO₂ of our fleet and Company vehicles;
- a 50% net reduction in emissions by 2026 – with data verified to ISO 14064 through the Carbon Reduce Scheme. In 2023, our total to date was 48%. A disclosure of our data is included in this section;
- 100% renewable energy for our business by 2025 – in 2023, 100% of our office energy was from renewable sources (backed by REGO certification);
- diverting 100% of avoidable waste from landfill by 2025 – achieved 99.6% in 2023;
- planting trees: we will plant 5,000 trees a year. Over 50,000 have been planted since 2019 on our projects; and
- engaging with 75 schools by 2026 to educate the next generation on climate action – in 2023, we engaged with 51 schools.

Our process for emissions management is certified annually through external certification body Achilles (Toitū Envirocare). We have also achieved Platinum certification through the Carbon Reduce programme (in accordance with ISO 14064-1:2018 and the technical requirements of the programme) for emissions management for the past 15 years.

HOW IS CLIMATE CHANGE GOING TO AFFECT THE WORK WE DO?



BUSINESS RESILIENCE: CLIMATE-RELATED SCENARIO ANALYSIS

As a family-owned business, the health and wellbeing of our people is of paramount importance – our 'Never Harm' value means we want our people to go home safely every day. Around 80% of our workforce operates outside and experiences the impact of climate change first hand – increased frequency and severity of heatwaves and the prevalence of heat stress, flooding and other extreme weather events.

We undertook climate-related scenario analysis under 1.5°C and 3°C projections by 2100, in order to ascertain the impact of weather pattern change (specifically, increased frequency of heatwaves (temperatures exceeding 35°C for five or more days) on lost time by 2030), on our operations under the two scenarios.

We found that 90% of our direct operations would be significantly impacted at 3°C increase, with the greatest impact attributed to lost time from employees, programme interference and supply chain delays – with a direct business cost in excess of £5.7m in the UK, £1.3m in Ireland and over £2.2m across our North American operations.

To mitigate the risk identified in this scenario analysis, we have produced a series of project controls to manage project-level risk. We have also upskilled our business to increase awareness on potential programme impact, alongside a comprehensive health and wellbeing strategy to mitigate short-term human impact. From a corporate perspective, our drive to net zero and our wider Climate Action Plan detailed throughout this document ensure we're playing our part in providing a longer-term climate solution.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Our performance in 2023

In 2023, we reduced our direct emissions by a further 8.4% across the Group. Our main GHG emissions resulted from activities associated with combustion of road fuel (diesel and petrol), static plant fuel (diesel) and business travel. These sources, which power our vehicles, plant and equipment, support our construction works and account for over 90% of our direct GHG emissions.

Our reliance on fossil fuels has focused our efforts on investment in environmentally conscious plant and equipment (£39.0m in 2023) and implementing our alternative fuel strategy: in 2022, we undertook due diligence and successfully trialled HVO, with a view to a wider rollout. In 2023, we made a stronger commitment to tackling our Scope 1 emissions, using over 800,000 litres of 100% pure waste HVO to power our plant and equipment – saving over 90% vs conventional diesel combustion. Our target for 2024 is to build on this progress by sourcing over one million litres of HVO across the UK and Ireland, and to secure a source for our North American operations.

The next largest contributor of GHG emissions is electricity, which accounts for around 4% of our total emissions in the UK. Our reduction in 2023 is attributable to the lifecycle of key electricity-intensive projects. In 2023, we switched to renewable electricity for all UK office locations, with a plan for a gradual increase to replace transitioned Scope 1 emissions.

Together, diesel, petrol, business travel and electricity account for 95% of the Company's direct GHG emissions. All four of these sources can be influenced and the Company is actively looking to identify and implement measures to reduce consumption in each area.

Our waste-related emissions have also reduced since the launch of our 'waste to wealth' strategy in 2019 and, in 2023, we continued to make great progress – producing almost 30% less waste (in tonnes) on our projects and diverting over 99% of waste from landfill – one step

closer to our Zero to Landfill ambition. Key streams such as plastic and office waste achieved 100% recycling and, overall, over 70% of our waste from projects was recycled or reused – and we're targeting a further 20% by our Murphy at 75 anniversary.

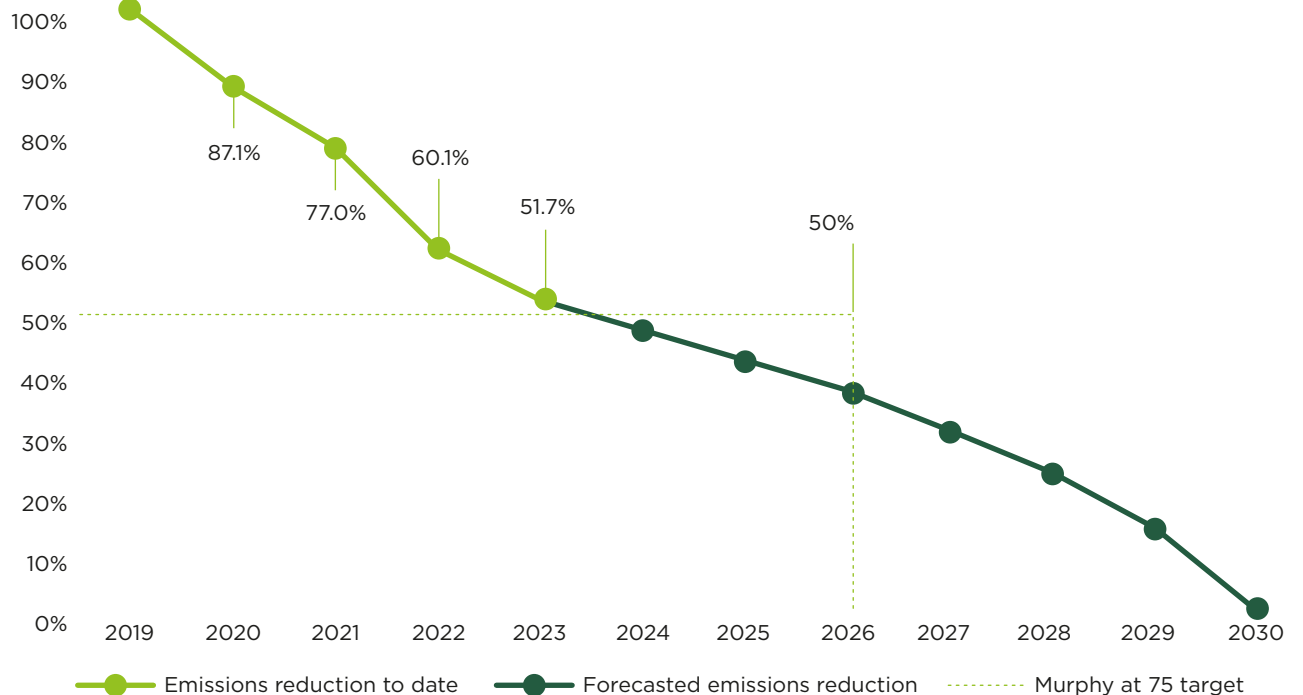
On the other hand, we recognise the net zero challenge is bigger than the boundaries of our own operations. For the first time in our history, we are now calculating and reporting the full extent of our impact via Scope 3 emissions in line with the GHG Protocol categories, and we take a spend-based approach to highlight key trends, risks and opportunities in terms of supply chain. We acknowledge the overlap between social and environmental benefit in the areas where

we invest and are committed to benefiting the environments and communities we interact with, both directly and indirectly.

2024 and beyond

We're working hard to improve the maturity of our emissions data from all international subsidiaries of the Group in order to further our monitoring and mitigation of climate-related risk and opportunities. In 2023, for the first time we're pleased to be able to report a full inventory of emissions across the Group; a robust foundation on which to set stretching net zero targets in all operational geographies to align to customer and government ambition.

Murphy at 75: % emissions reduction from 2019 baseline



PEOPLE

CREATING A PLACE WHERE PEOPLE WANT TO WORK



Extensive commitments to talent at all levels

During 2023 we successfully recruited and onboarded over 1,065 new colleagues across the UK, Ireland and North America. In addition to this, at the end of 2023, we were pleased to welcome another 200 colleagues as part of a new acquisition in the USA. Much of our recruitment (over 80%) is done directly by our in-house teams which proactively ensure the right fit for Murphy, and also through our employee referral schemes. In addition to this, one of our core people strategy targets is to aim to fill as many of our vacancies as possible internally, to ensure that our own people have the opportunity to continually develop their careers. We are pleased to report that in 2023, 554 colleagues received a promotion and over 54% undertook some kind of internal career move. Such moves include secondments, a move to a new department and/or business unit or new project work. On secondments as an example, a total of 25 employees continued or began a secondment (either short or long term) in a different country.

In 2023 we also continued our commitment to the recruitment and development of emerging talent, and remain the largest direct employer of emerging talent in our sector. This once again obtained us Gold recognition from The 5% Club. Our Murphy at 75 people strategy contains a clear commitment to having at least 10% of our workforce made up of emerging talent recruits by 2026. This currently stands at 7.4%. We were also proud to achieve a Gold Investors in People accreditation in the year.



Externally recognised outstanding engagement levels

2023 marked the fourth successive year that we recorded an increase in employee engagement. Once again we achieved our best ever response rate to our engagement survey, with over 78% of colleagues taking the time to give us their honest feedback. As a result of their input, we have once again been awarded 'Two Star' status by our external engagement partner Best Companies, which is awarded to companies who demonstrate outstanding levels of engagement. We were also awarded the title of 'No.1 Best Big Company to Work For' in February 2023.

We are very proud of both of these achievements and are using the feedback from our colleagues to inform our people plans for 2024 and beyond. We extend a big thanks to all of our teams who work so hard every day and continue to take such pride in working for Murphy. In 2024 we will again hold more than 30 engagement sessions across the whole Company, making sure everyone has the opportunity to input into what happens next with the Best Companies feedback. Our aspiration and focus for 2024 and beyond remains to be recognised as an employer with world-class engagement levels, something only a limited number of companies across any sector ever achieve.



A great place to work where people feel secure and comfortable to be themselves is the ultimate goal of our people strategy. Through a focus on our unique culture and the importance of our values – including ensuring people feel part of One Murphy no matter which country they work in – we have continued to make great progress in 2023.

Dawn Moore
Group People and Communications Director

RECRUITMENT AND INTERNAL PROMOTION KPIS

New starters - UK, Ireland and North America

1,065

2023	1,065
2022	940
2021	942

Promotions (all grades) - UK and Ireland

554

2023	554
2022	599
2021	586

PEOPLE CONTINUED

2023 was once again our biggest year to date with respect to emerging talent. We ended the year with 186 apprentices and 118 graduates on our programme. We continue to invest more in emerging talent recruits year on year and our plans for 2024 are no exception.

Our recruitment strategy is also reinforced by our commitment to a number of diverse and inclusive recruitment and development programmes, which are now a core part of our talent portfolio. These include our award-winning Prison Leaver programme, which in 2023 entered its third year of operation. Also in 2023 we introduced an award-winning programme to recruit, develop and provide long-term career opportunities for autistic candidates.



Learning and development

At the heart of our Learning and Development strategy is our commitment to 'Development for All'. This means that no matter what stage of life or career our colleagues are at, we recognise the importance of continual skills development.

In our 2023 engagement survey, where development is referred to as Personal Growth, it was once again acknowledged by our colleagues that we are already operating at 'world-class' levels when it comes to our Learning and Development approach. This is not only because of the variety of opportunities we provide, but the clear investment our colleagues see us making in each of them to be the best they can be in their roles, which they also find motivational. Our financial investment in Learning and Development is significant, and once again increased in 2023 compared with previous years. In 2023 we invested over £3.1m, which equates to 18,700 days of training.

We are reinforcing this commitment further with some exciting plans for 2024, which include a state-of-the-art training facility in Ollerton. This will act as both a Company, supply chain and community facility. This is in addition to our investment in Golborne, which will be the hub for, among other things, our rail sector training offering.

Leadership development

Our bespoke Leadership Development programmes also continue to go from strength to strength. Some examples include our Graduate Development programme which extends across our whole Group and is continually growing. Our bespoke Project Leaders programme is now in its fourth year and continues to expand. In addition, our Supervisory Development programme provides the opportunity for our front-line teams not only to develop in their current role, but also to take better advantage of a multitude of possible career options available within our business.

In 2023, we also ran another two sector-based work academy programmes, aimed at offering skills transition training and support for long-term unemployed people looking for a career in civil engineering.



2023: Leadership development in numbers

172 attendees

(2022: 94)

Supervisory Development programme

257 attendees

(2022: 110)

One Murphy Big Inclusion programme

89 attendees

(2022: 73)

Future Leaders programme

90 attendees

(2022: 64)

Project Leadership Development programme

Learning and Development KPIs



£3.1m
+35%
Investment in training



97%
+1%
Graduate retention



7.41%
+2%
Emerging talent



186
+18%
Apprentices



118
+24%
Graduates



32
+128%
Placements

PEOPLE CONTINUED

Living our values

Our ACORN Awards were introduced three years ago and continue to go from strength to strength. ACORN is an acronym of the first letter of each of our five values, all of which are integral to how we work at Murphy. Unlike awards made for technical or operational achievement, our winners are chosen for the way they role model the Murphy values in their behaviours every day.

The winners are nominated by their peers, who see first-hand the approach and attitude they bring to work. Winners may be chosen for something which may initially seem small but is an example of something which, if replicated across our entire business, would grow to make a transformational difference.

The awards attract huge interest and excitement within Murphy, and the 2023 awards attracted a record 322 nominations. Nominations come in from all the countries where we work and are all great examples of why the Murphy culture and values, along with people’s belief in the importance of them, continue to be things that make us unique as a business.

We’d like to extend our congratulations to all of the 2023 winners pictured below.



INVESTORS IN PEOPLE: MURPHY TAKES GOLD

INVESTORS IN PEOPLE® We invest in people Gold

One of the goals of our Murphy at 75 people strategy is to achieve Investors in People (IIP) Platinum status. Platinum is only awarded to around 5% of organisations worldwide and acknowledges excellence in people management practices. In 2023, we were delighted to achieve the next stage in our IIP journey which was the Gold award. We are very proud of this achievement and the fact that, in the space of only four years, we have progressed from basic IIP standard through to Silver and now to Gold.

Our IIP Gold assessment involved a three-stage process which included a detailed survey; a number of presentations; and multiple site visits by IIP’s external assessor to projects across the UK and Ireland, to speak to our people.

Among the feedback in our latest report, IIP found that colleagues “reflected high levels of satisfaction, motivation and association, with people describing the Company as a great place to work”. Additionally, our approach to diversity and inclusion was highlighted as being well ahead of the industry curve, along with our progressive people strategy and the genuine buy-in of our teams to the Company values.

Across the business, we maximised the valuable data and insights yielded by this process, convening discussions. We are now working with colleagues across our business and involving everyone in how that feedback can be turned into tangible actions that drive further improvement.

During 2024, our focus will continue on progressing towards our goal of becoming an IIP Platinum organisation, which we plan to achieve by 2026.

A

ALWAYS DELIVER

Upholds our promise of right first time delivery. Ensures that every employee can take ownership of the work they carry out and feel proud of the job they do. Delivers their work to a high standard and in line with the plan



C

CONTINUALLY IMPROVE

Continually looks for the gap and takes opportunities to improve. Drives impactful innovation and change



O

ONE MURPHY. ONE TEAM. ONE FAMILY

They share, work together and connect across teams. They consider the impacts on others and involve a wide variety of teams in developing solutions. Consistent customer experience that inspires confidence



R

RESPECT, INTEGRITY & ACCOUNTABILITY

They are respectfully open and honest with everyone. Finds strength in our differences and champions inclusivity. Takes accountability for delivery – focusing on the results and impact of their actions



N

NEVER HARM

Actively influences a culture that protects our people and our environment. Speaks up and empowers others to speak up. Leads by a positive example to protect our people, projects and environment



SOCIAL VALUE

OUR SOCIAL VALUE STRATEGY

We continue to plan, review and govern our approach to social value through our group-wide social value strategy.

In line with our business purpose of 'Improving life' and our people strategy goal of making Murphy a 'great place to work where people feel secure and comfortable to be themselves', the two core elements that make up our social value strategy are 'diversity and inclusion' and 'community engagement'.

Our community engagement strategy reflects our commitment to leaving a positive legacy in the communities where we work. This is done in a number of ways across all of our countries and some examples of the work of our teams in this area in 2023 can be found later in this report.



Murphy's purpose as a business is to improve life through the work we undertake, supported by a core people strategy goal to leave a legacy in the communities where we work. This means that social value has always been, and continues to be, at the heart of everything we do.

Dawn Moore

Group People and Communications Director

On diversity and inclusion, we believe that diversity is an ongoing process of behavioural and cultural change. This is also reflected in our 'One Murphy, One Team, One Family' value, which has inclusion at its heart. We have structured our Equality, Diversity and Inclusion (EDI) strategy into two strands: the first focuses on a long-term cultural and behavioural change, and the second on the different aspects of diversity, enabling us to individually focus on each element. We also continue to develop local EDI plans for our key projects.

Governance

This strategy continued to make good progress in 2023 and to be championed and governed overall by our Social Value Committee. This Committee consists of representatives from all our countries and business units. It also has clear terms of reference and takes overall responsibility for ensuring the strategy is not only continually developed but also bought into and embedded across our Group. The Committee met six times during 2023 and will continue to meet four times a year from 2024 onwards. It is chaired by our Group People and Communications Director, who is a member of our Group Executive Committee.

The Social Value Committee reports its work on a regular basis to the Group ESG Committee, which is ultimately responsible to the Group Executive Committee. It also works in partnership with national bodies, local government, customers and various community organisations where appropriate.

Measurements of success

As part of our Murphy at 75 overall business strategy we set ourselves two high-level social value goals, which are:

- Leaving a positive legacy in the communities in which we work
- 25% of our teams are from underrepresented groups.

These overarching targets are supported by a more detailed suite of operational social value metrics, which fall under the following four headings:



These metrics are captured at project, business unit, country and Group levels.

One of our strategic social value projects for 2023 was to develop and launch our brand-new social value calculator reporting tool. Phase 1 of this project was successfully launched in June 2023 and means that we now have a comprehensive overview of social value delivery across all areas.

In 2024, we will be launching Phase 2 of this project, which will include the ability to monetise and quantify further the impact of our social value activity. Preparations for this are already well underway and have seen us partner with Social Value Portal and the National Themes, Outcomes and Measures (TOMs).

SOCIAL VALUE CONTINUED

LEAVING A POSITIVE LEGACY

2023 was a strong year across all of our countries for leaving a positive legacy, particularly in relation to work in our local communities. Our colleagues undertook a number of activities across various communities and charities, examples of which you can see below:

UK



Over the course of 2023, members of our IT team undertook a series of challenges to raise money for CALM - the Campaign Against Living Miserably - which was the UK team's 2023 charity partner. In July, the team undertook a gruelling 21-mile canoe trip down the River Wye, raising £1,411, and in September, they hiked the West Highland Way, walking 96 miles over four days.

In total, the UK team's two-year charity partnership with CALM saw us successfully reach our target of £66,000 - enough to fill a seat on CALM's helpline and webchat service for 365 days of the year, answering thousands of calls and chats from people who are struggling with life's problems.



Team members from our Cambridge South station project have taken part in many volunteering days in the local area, including planting seven maple trees in The Green & The Gardens - an important public realm next to the Royal Papworth Hospital on the Cambridge Bio-medical campus. The team undertook a Cat and Genny scan of the planting areas to ensure that the trees wouldn't impact any underground services in the future.

IRELAND



Our Aughinish project team supported their local Meenkilly National School's effort to create an outdoor learning environment. As part of the Murphy Roots initiative, we sponsored the purchase of seeds, bulbs, plants and gardening tools, Irish Wildlife and Garden Birds signs and a five-day learning course for the children with Stephanie O'Toole of the Heritage in Schools Programme.

Seven new planting beds were created around the school garden using recycled materials such as old tractor tyres and the children also planted a new wildflower meadow.



Our team in Ireland worked with Donegal towns and villages - Ramelton, Milford and Rathmullan on a variety of volunteer projects, including these murals, unveiled in September 2023, which brought some welcome colour to our site hoarding thanks to a fantastic group of local artists between the ages of 6 and 16, led by artist Emma Grace, assisted by Cassie Lyons with the support of the Donegal Volunteer Centre. This community art project, entitled 'Time's Running Out', is a call to action for us all highlighting the risk posed to the environment by single-use plastics.

NORTH AMERICA



Surerus-Murphy joint venture acknowledged Canada's National Day for Truth and Reconciliation with learning and volunteer opportunities. The National Day for Truth and Reconciliation honours the children and their families who were impacted by Canada's residential school system. Residential schools were infamously known for separating Indigenous children from their families, leaving enduring scars that span generations.

Dr Lana Potts, an expert in Indigenous health from the Piikani Nation, shared her insights on the significance of truth and reconciliation, with the event streamed across our project sites and recorded for those working in the field. Volunteers from the Calgary office also spent an afternoon at Sunrise Healing Lodge, which provides addiction treatment through a blend of Indigenous culture and the 12-step programme.



On 9 September 2023, at the Chetwynd Recreation Centre in British Columbia, our Surerus-Murphy Joint Venture team came together to serve breakfast to the town and express heartfelt gratitude to the local and Indigenous communities for their unwavering support as the project achieved the significant project milestone of completing pipe installation for section two. Approximately 300 attendees, including local leaders, Indigenous representatives and stakeholders, marked the special occasion, which was testament to the strong relationships the project team built during this legacy project.

SOCIAL VALUE CONTINUED

We also continued to increase the number of volunteering days used by our teams to over 340 and introduced a new volunteering day scheme in our Irish business.

The quantifiable impact of our community-based work can also be seen in our social value results. We are proud to have more than doubled our financial support to 131 charitable causes during the year, which totalled in excess of £500k. This is in addition to having delivered 126 separate skills and employment events plus an additional 86 STEM-specific events, among many other things.

We also greatly enhanced our commitment to local job creation and lasting careers for people in the communities where we are working. In 2023, almost 53% of our new employment opportunities were filled by local people living within a 30-mile radius of their work location.

25% OF OUR TEAMS ARE FROM UNDERREPRESENTED GROUPS

On underrepresentation, we set ourselves a target back in 2020 as part of Murphy at 75 to have at least 25% of our teams from underrepresented groups by 2026. This was based on a starting point of only 10% in 2020. We are pleased to report that as at the end of 2023, 24.39% of our teams were from groups traditionally underrepresented in the construction industry.

Other significant progress on the diversity and inclusion strands of our social value strategy in the year included the following:

The further development and rollout of our unique One Murphy Big Inclusion programme, which saw over 270 attendees through the programme by the end of 2023 and our Irish colleagues now in attendance on the programme too.

Our approach to diversity and inclusion was recognised by Investors in People during our Gold standard assessment as being “well ahead of the industry curve in its approach”.

The introduction and rollout of our Hiring Manager Inclusive Recruitment behavioural training in the UK, with over 50 line managers now having attended. This is another unique programme that focuses on inclusive actions throughout the whole recruitment onboarding journey.

Our Best Companies survey results, indicating that over 90% of our colleagues feel included and respected within the organisation.

The continued success of our prison leavers and refugee recruitment and employment schemes, along with the introduction of our Ambitious about Autism partnership. Our Ambitious about Autism partnership saw us achieve another first in our sector, when we became the first and only company in construction to offer not only internships through the programme, but also an innovative line manager training programme prior to recruitment and also permanent, long-term roles for all of the first cohort of recruits post placement. All of these programmes are now a core and ongoing part of our diverse recruitment strategy.

As at the end of 2023, our colleagues across Murphy represented 60 different nationalities.

Community

131
organisations supported

340
volunteering days

£0.5m
charitable donations

Workforce

375
vacancies (53%) filled locally

STEM Skills and Employment

86
STEM engagement events

24
employment events

126
skills, employment and engagement days



SOCIAL VALUE CONTINUED

EQUALITY, DIVERSITY AND INCLUSION KPIS

% non-white ethnic group employees **+7%**

8.7%



% under-represented groups **+2%**

24.4%



% employees with a disability **+14%**

2.5%



% gender pay gap **-9%**

20.04%



We know that building an inclusive culture needs to go beyond policies and procedures. At Murphy, we take a proactive approach, engaging directly with colleagues and providing them with opportunities to develop their knowledge and understanding – which is where our unique, in-house, One Murphy Big Inclusion (OMBI) programme comes in.

Now in its third year of operating, OMBI is a vital tool in our people strategy. Going beyond the style of a standard training programme, OMBI allows employees to have open and honest discussions on diversity, inclusion and fairness topics. Participants are encouraged to build their understanding of each other and themselves to have a long-term positive impact:

“I found the content informative, enjoyable and thought provoking. Discussion was open and honest with real work-life examples that I could relate to and take back into the workplace to be more inclusive and to help me be an ambassador for One Murphy Big Inclusion.”

As it continues to drive positive change across Murphy, the programme celebrated a significant milestone in 2023 with its first sessions in Ireland, making it a truly international initiative. Places on the programme are open to all colleagues, and sessions regularly include both senior leaders and new starters. Over 250 colleagues have so far taken part, and with four additional cohorts already planned for 2024, it won't be long before 10% of the business will have taken part.

During the programme, participants are asked for their ideas on how inclusion can be promoted across Murphy. These ideas are shared with senior leaders and used to help inform the Company's strategic decision making. To increase this impact, everyone who successfully graduates the programme is invited to become a Fairness, Inclusion and Respect (FIR) Ambassador and support their colleagues outside of the session.

“The main thing I took from this course was that it's OK for me to be me. The sessions were not about changing myself to suit others, but to have a better understanding of others and the issues that they might be having from society's opinions.”



Looking forward

In 2024 we will continue with our social value strategy to see another year of continuous improvement against our core measures.

We are also looking forward to the launch of Phase 2 of our social value calculator tool, which will see us able to monetise the commercial contribution our work is making in addition to the investment of time, and also help highlight areas for further work.

ESG GOVERNANCE

CORPORATE
GOVERNANCE

Our approach to governance is based on transparency, integrity, safety and fairness, inside and outside the business.

John P Murphy
Company Secretary
and General Counsel

Risk management and internal controls

The Executive Risk and Opportunity Committee (EROC), which is a subcommittee of the Group Executive Committee, is responsible for reviewing and monitoring the principal risks which face the business.

In 2023, the EROC met four times during the year and reviewed the Principal Risks Register, which is maintained by the Group Head of Internal Audit. The Group Enterprise Risk Policy sets out the methodology for categorising the principal risks, and the Board reports on them on pages 50 and 51.

Tax strategy

Murphy is committed to paying its fair share of tax and we take ongoing specialist advice to ensure we have certainty over our position. This includes seeking regular and constructive meetings, not only with our advisors but with our Customer Relationship Manager at HMRC, updating them on Group developments and discussing any potential implications for our tax position. We publish our tax strategy in compliance with Schedule 19 of the UK Finance Act 2016 and have a low risk rating with HMRC following our latest Business Risk Review.

As with all our financial dealings, we apply a core Murphy value – Respect, Integrity & Accountability – to our approach to tax.

Payment practices

We have long-standing relationships with our supplier base and regard them as central to our ability to deliver. As suppliers ourselves, we recognise the importance of prompt payment, and in 2023 we settled invoices within an average of 23 days.

Business ethics and conduct

Like many family businesses, we have grown not only through the quality of our work, but the manner in which we deliver it. We conduct our business in a transparent, honest and professional manner, guided by five core values:

- Always Deliver
- Continually Improve
- One Murphy. One Team. One Family.
- Respect, Integrity & Accountability
- Never Harm

Our values must be lived and breathed by our people every day, in everything we do. This means behaving with the utmost respect and integrity towards everyone we work with and work for – be that our customers, our peers, our supply chain, members of the public or ourselves.

We have set down the standards we expect in the Murphy Code of Conduct, and this applies to everyone – internally, and externally to all our suppliers – at all our locations throughout the world. Additionally, every colleague must complete our Code of Conduct e-learning module when they first join the business, followed by refresher training every two years.

ESG GOVERNANCE CONTINUED

The Code of Conduct covers the following areas:

Fraud, bribery and corruption

We are committed to conducting our business in a fair and ethical way and therefore take a zero-tolerance approach to fraud, bribery and corruption.

It is a subject that needs sharp clarity, so our Anti-Bribery and Corruption Policy explains to our people and our suppliers what constitutes bribery, and illustrates it with examples of red flags. If anyone has suspicions or evidence of wrongdoing, we urge them to report it using whichever channel they prefer: to their line manager, the Compliance Manager or confidentially and anonymously via a phone line and website administered by the independent agency Safecall.

Anti-slavery

Modern slavery is increasing in the UK construction industry, with many victims trafficked from abroad against their will, and for little or no pay. Whether in the form of servitude, forced and compulsory labour or human trafficking, it is a crime and a violation of fundamental human rights.

Murphy prohibits any form of modern slavery. Our Anti-Slavery Policy reflects this commitment and we implement and enforce controls to ensure it does not take place anywhere on our sites, or in our supply chains.

We are party to the construction protocol of the Gangmasters and Labour Abuse Authority (GLAA), supporting the objective to eradicate slavery and labour exploitation with other members of the construction industry.

Privacy

We respect everyone's privacy and ensure we comply with data protection legislation. We only collect and retain personal data to the extent that it is reasonably necessary for the legitimate interests of running the business. We also recognise that it is essential to manage personal data correctly to maintain confidence in the business.

We take steps to ensure that the data we hold is accurate and up to date, and that it is protected from the time we collect it through to its final deletion. Our Data Protection Governance working group keeps up to speed with individual data protection rights, continually reviews our approach and makes changes as required. Any suspected data breach is thoroughly investigated and we take any necessary action to prevent reoccurrence.

Conflicts of interest

Murphy has a Conflicts of Interest Policy and monitoring programme to avoid any conflicting interest that might undermine trust between Murphy and its stakeholders. To this end we maintain a register of potential conflicts of interest. Any colleague whose role exerts influence over decision making must declare any potentially conflicting interest, on an annual basis.

Whistleblowing

Doing the right thing is central to our ethos at Murphy, and we want to address any concern if something needs our attention. In addition to illegality such as corruption and modern slavery mentioned above, we have zero tolerance of a range of issues ranging from bullying, discrimination and unfair treatment, to commercial wrongdoing and actions that could endanger safety.

Our Group Whistleblowing Policy governs this process and we urge every colleague to report any suspicion or concern to their line manager, Compliance Manager or our independent provider Safecall. They can do this without any fear of repercussion, even if they turn out to be mistaken.



SECTION 172 COMPANIES ACT

This statement sets out how the Directors have regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 in considering promoting the success of the Company for the benefit of its members as a whole.

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

They further note that the long-term success of the business since its incorporation in 1951 has been underpinned by its relationships with employees, customers, supply chain and other stakeholders. Many of these relationships are long-standing.

Employees

The Board considers it vitally important to create a working environment where colleagues feel secure, valued and fulfilled, and where they want to be part of the future of the Company.

To this end, the Board has agreed Company objectives relating to the retention of employees, and to targets for emerging talent, underrepresented groups and the number of vacancies to be filled by internal candidates as part of the Company's 'Murphy at 75' people strategy.

These objectives are reviewed at Board and Remuneration Committee meetings, together with information such as the annual Employee Engagement Survey conducted by Best Companies, which showed improved engagement across the business. Further information about our commitment to investing in our colleagues is on page 38.

Customers

The Company has served many of its main customers for a considerable time, but is never complacent when gauging engagement and satisfaction. During 2023, Murphy carried out regular customer engagement surveys, with the Board monitoring Murphy's Net Promoter Score and feedback from our customers.

Supply chain

The Company's success and the strength of its supplier relationships are inextricably linked. During 2023, the Group was proactive in working with its supply chain in the face of high inflation and supply delay challenges. The Company also believes in prompt payment and improved average settlement time to 23 days. The business held its annual Supply Chain Event in November 2023, with awards given to 9 members.

Environment and communities

The 'Murphy at 75' strategy comprises a range of social impact and climate action plans that underline the Company's commitment to become an ever-more sustainable business. Targets to be net zero in Scope 1 and 2 emissions by 2030, and Scope 3 by 2050, are driving focused action within the business, together with our particular contribution to eight of the SDGs. For more details please turn to pages 23 to 37.

Business conduct

The business safeguards its operation and reputation through a set of five core values: Never Harm; Always Deliver; Continually Improve; One Murphy, One Team, One Family; and Respect, Integrity & Accountability. We expect all our employees to know and live by these values, and for our suppliers to echo them as well. Internally, we instil these values through mandatory training for new joiners, and refresher courses for all every two years.

Shareholders

The Directors recognise their role in overseeing the strategy of the business, and serving the objective of the Company's sole shareholder: the long-term, sustainable growth of the business.

FINANCIAL REVIEW

A REVIEW FROM OUR CFO, JOE LEDWIDGE



The Group delivered extremely positive results for 2023, with strong performances from all geographies driving improvements to operating profit and operating margin. We also improved our net cash position by £71.6m whilst also investing in tangible assets, making pension recovery scheme payments and investing in our new North American joint venture.

Joe Ledwidge
Chief Financial Officer

Building on the momentum we generated in 2022, the Group delivered opportunities on multiple fronts in 2023. We now enter 2024 with a healthy net cash position of £347.1m and a significant order book of £3.3bn. Murphy continues to make positive progress towards all the 'Murphy at 75' targets.

Revenue

Total Group revenue decreased by 5% in 2023 (2022: +17%) to £1.42bn (2022: £1.49bn). The decrease in revenue was mainly driven by completion of projects in Canada, partially offset by greater activity in Ireland and the UK.

Operating profit

Group operating profit was £71.7m (2022: £45.7m) for the year. The improved margin of 5.0% (2022: 3.1%) is a result of the continued commercial discipline influencing our risks, opportunities and contract selection.

Cash and cash management

The Group maintained a strong net cash position, amounting at year end to £347.1m (2022: £275.5m). We also maintained a strong focus on working capital management to ensure that our needs are met and the Group can deliver its order book. The strong net cash position resulted in the Group having net interest receivable of £5.9m (2022: net payable £1.1m).



FINANCIAL REVIEW CONTINUED

Tax

The tax charge for the year was £20.9m (2022: £9.2m). The current tax charge is £30.8m (2022: £7.3m) and has arisen from both, the improved operating profit performance of the Group and the unwinding of unbilled revenue balances in Canada. The deferred tax credit, £9.9m (2022: a charge of £1.9m) is largely due to timing differences on capital allowances. Some current year profits have been offset by capital allowances and losses carried forward from prior years.

Group net assets

The improvement to operating profit has translated into a stronger net asset position of the Group. Net assets at 31 December were £300.3m (2022: £281.9m). The Group continues to build a strong and resilient balance sheet that ensures we can deliver significant projects for our customers. We have also continued to ensure adequate provisions are in place against contractual and operational risks.

Non-financial KPIs

Non-financial KPIs relating to our health and safety performance can be found on page 1. 2023 saw a 35% reduction in the Group's Lost Time Injury rate.



Joe Ledwidge
Chief Financial Officer

23 May 2024



FINANCIAL KEY PERFORMANCE INDICATORS

Group net assets +7%

£300.3m



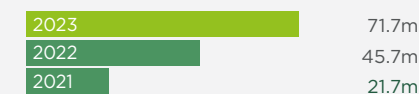
Company net assets +29%

£162.1m



Group operating profit +57%

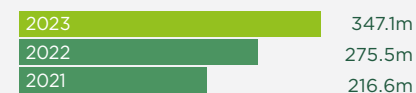
£71.7m

Total Group revenue including
joint ventures -5%

£1,421m





Net cash balance of the
Group +26%

£347.1m



PRINCIPAL RISKS AND UNCERTAINTIES

The Board identifies the principal risks and uncertainties facing the Group, assesses how it manages risk, and factors in uncertainties and risk to the decision-making process. The Risk and Opportunities Board Committee continues to assess the 10 key Group risks identified and is developing metrics to allow these to be monitored more effectively. These risks, and the work that is being undertaken to mitigate and manage them, are as follows:

Risk description	2023 activities	Risk description	2023 activities
 <h3>1. Health, safety & sustainability</h3> <p>The nature of the Group's work has the potential to cause significant harm to its key stakeholders, members of the public and the environment.</p> <p>The Group's health and safety record has been consistently good. 'Never Harm' is one of the Group's values and safety is a critical part of our operations. The Board believes that there is always a need to monitor and improve on safety performance, and the Safety, Health, Environment, & Sustainability (SHES) team has an ongoing audit regime in place.</p> <p>These audits provide assurance over the design and operating effectiveness of the health and safety-related controls. The SHES team continues to use 10 key criteria to assess health and safety performance. These are based at project level and they roll up to business units, and then to Group. A set of criteria has been applied to the measures, ranging from 'at tolerance' through to 'critical', reflecting the risk level.</p>		 <h3>3. Project delivery</h3> <p>If we are unable to deliver projects on time, budget and to the right quality, it could result in financial loss and/or reputational damage.</p> <p>Project assurance reviews and site visits are continually performed during the year. These reviews are carried out by objective teams from other business units, and senior leaders. During the year, we also continued training with the Learning Zone for competency development. We ensure that we are 'fit to start' on projects, as well as performing monthly reviews of critical paths. Tender team audits are carried out in the first phases of projects to ensure assumptions are consistent from tender through to delivery.</p>	
 <h3>2. Work winning</h3> <p>An ineffective work-winning process will impact the Group's ability to win the right type of work, for the right type of customer, or to work with the right type of JV partners.</p> <p>The work-winning process is captured within Murphy's Integrated Management System (MIMS), which has defined our approach. A gateway system channels opportunities through the relevant routes, with a defined approval hierarchy, prior to tendering for work. An early and upfront review of opportunities through gauging our key risk parameters allows price, risk and cost profiles to be assessed pre-contract.</p>		 <h3>4. Supply chain</h3> <p>Interruptions through supply chain failure, poor performance or reduced capacity could impact the Group's ability to deliver projects on time, budget and to the right quality.</p> <p>Tight relationships are maintained with our supply chain through regular meetings. The Group continues to focus on ensuring payment to terms whenever possible, having maintained payment practice reporting performance over the past 12 months. Procurement is keeping projects informed about lead times and any potential inflationary price changes.</p>	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk description

2023 activities

**5. People**

The inability to recruit, develop and retain appropriately skilled people could impact the Group's ability to meet its strategic objectives and deliver projects.

Murphy continued to invest in emerging talent, with an increased focus on apprentices over the next two years and continued expansion of our graduate programme. We have increased our focus on trade apprenticeship recruitment to complement Murphy's direct delivery model.

**6. Liquidity**

Not maintaining adequate liquidity could impact the Group's ability to invest, win work or meet ongoing liabilities as they become due.

The Group maintains a net cash position and has a strong focus on maintaining its working capital position. In addition, access is maintained to bonding arrangements, and the Group continues to fund plant and equipment renewals using a mix of cash and finance leases, which it considers to be an effective use of capital. Cash flow is monitored daily and there are procedures in place to monitor our customers' creditworthiness.

**7. Political**

Changes in the political, economic and regulatory environments can have a significant impact on the number of new and existing projects.

The legal team continues to review emerging legislation, monitor impacts and advise on measures to be taken. Conflicts in the supply chain and energy costs are monitored to ensure we can continue to deliver our projects.

Risk description

2023 activities

**8. Conduct & compliance**

Incidents of poor conduct, acts of fraud, bribery, corruption or anticompetitive behaviour can adversely impact our business.

The Company's Code of Conduct forms a central part of the induction process at Murphy and we carry out refresher training and targeted reminders to ensure compliance and actions to the highest standards. Quarterly reviews of internal control effectiveness are undertaken and reported to the Audit Committee.

**9. Cyber security**

Vulnerability to a cyber-attack is a growing threat which could result in malicious viruses entering our systems or sensitive/commercial data being breached.

Cyber security continues to be a core risk facing the Group, with phishing a particular focus area for the Cyber Security team. Training has been rolled out for security awareness, as well as a revised leaver process to ensure access is revoked when appropriate.

**10. Security**

A serious incident (terrorism or security related) could occur on a Murphy-controlled site, or involving Murphy property/plant, leading to harm to its stakeholders.

Updates, including specific talks on security and risks, have been rolled out across projects during the year.

DIRECTORS AND ADVISORS

Directors

John Cresswell
 John Paul Murphy
 Joseph Ledwidge
 John Patrick Murphy
 David Huw Davies (retired 30 November 2023)
 Paul Grammer
 Deborah Lodge
 Clare Mara
 James Murphy
 Karina Murphy
 Kathleen Murphy (retired 31 July 2023)
 Michael Toms (retired 31 December 2023)
 Adam Walker (appointed 1 October 2023)
 Russell King (appointed 1 March 2024)

Company number

492042

Registered office

Hiview House
 Highgate Road
 London
 NW5 1TN

Bankers

Royal Bank of Scotland
 135 Bishopsgate
 London EC2M 3UR
 England

HSBC UK Bank plc
 1 Centenary Square
 Birmingham
 B1 1HQ

Independent auditors

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

CORPORATE GOVERNANCE

We continue to adopt the Wates Corporate Governance Principles for Large Private Companies as an appropriate framework when making a disclosure regarding corporate governance arrangements.

We set out below how we have applied the six Principles.

1. Purpose and leadership

Our purpose is to 'improve life by delivering world-class infrastructure' in our core sectors of transportation, natural resources, power and water in the UK, Ireland and Canada.

This is regularly promoted and communicated across our Company.

Our vision is to be the leading family-owned construction business by 2026 – when Murphy will celebrate its 75th birthday. This strategy was refreshed and agreed in January 2020 and is called 'Murphy at 75', with some refinements to the strategy made during the year. The business plan and company strategic objectives to deliver this vision are agreed, reviewed and refreshed annually by the Board.

Our culture is based on five core values:

- Never Harm
- Always Deliver
- Continually Improve
- One Murphy, One Team, One Family
- Respect, Integrity and Accountability

These values have underpinned the successful growth of the business since its incorporation in 1951.

The delivery of our strategy is also underpinned by five key strategic drivers:

- Dependable Project Management
- Win-Win Relationships
- Passionate About Direct
- Better Engineered
- Fit to Start

Our Board is chaired by a Non-Executive Chair.

The Board delegates authority for the day to day management of the business to the Group Executive Committee (GEC).

There are certain matters reserved for approval by the Board such as the formation of joint ventures and tendering for major projects. The GEC is led by our Chief Executive Officer, John Murphy, who is a grandson of the founder of the business.

We have clear terms of reference in place for the Board and its subcommittees, including the GEC.

2. Board composition

During 2023, the Board consisted of 10 Non-Executive Directors and three Executive Directors. They comprised four female and nine male Directors.

There were five Independent Non-Executive Directors, bringing wide-ranging expertise and experience in family-owned businesses, investment, finance, construction, transport infrastructure and utilities. There were four family Non-Executive Directors who represent the ultimate owners of the business. There was also one alternate family Non-Executive Director. Three of the Non-Executive Directors retired during the year and one Non-Executive Director was appointed in the year.

CORPORATE GOVERNANCE CONTINUED

Our Chief Executive Officer, Chief Financial Officer and Company Secretary and General Counsel were the Executive Directors who served on the Board during the year.

The Board had eight meetings in the year.

3. Director responsibilities

Our Board is responsible for promoting the long-term success of the business for the benefit of its owners while taking into account the interests of the Company's stakeholders. We give further detail on those considerations in the Section 172 Statement on page 47.

The Board receives updated information at each Board meeting on key aspects of the business including safety performance, people, strategy, business development, operational matters and financial performance.

The Audit Committee is responsible for reviewing the effectiveness of the Group's system of internal financial controls, other internal controls and risk management systems, and the management of Internal and External audit. The Committee was chaired by Independent Non-Executive Director Huw Davies, who was succeeded as Chair by Adam Walker during the year. The Committee is comprised entirely of Non-Executive Directors. Internal Audit is charged with carrying out an annual audit programme and reporting the findings to the Committee.

4. Opportunity and risk

The Risk and Opportunity Board Committee oversees the management of risk and identification of opportunities across the business. The Committee was chaired during the year by Independent Non-Executive Director Paul Grammer. There is also an Executive Risk and Opportunity Committee (EROC), chaired by the

Company Secretary which met four times during 2023 and maintains Group Risk and Opportunity registers. The EROC regularly reviews the principal risks and opportunities in the business at its meetings, before reporting to the Risk and Opportunity Board Committee on steps taken to mitigate any risks and to realise opportunities.

5. Remuneration

The Remuneration Board Committee is responsible for setting the remuneration and benefits for the senior executives employed by the business, and for the Remuneration Policy for all staff. The Committee reviews and approves the long- and short-term incentive plans to retain and reward senior executives, based on performance measures that promote the long-term success of the business and which align with the returns to the shareholder.

The Committee was chaired by Independent Non-Executive Director Mike Toms during the year and is comprised entirely of Non-Executive Directors. The Committee also reviews the Company's Gender Pay Gap report and approves the strategy for reducing this gap at Murphy.

6. Stakeholder relationships and engagement

The Board regularly reviews and oversees a range of stakeholder information – from customer satisfaction data to the results of the annual Employee Engagement Survey.

The Board reviews and agrees the action plans to address key issues raised as part of the survey.

Murphy's Executive Directors play an active role in engaging with a range of stakeholders in their roles to promote the Company purpose, including customers, communities, colleagues and many others. They carried out regular town halls across

the year to update colleagues on Company progress, as well as answering questions.

Along with other senior leaders, they also helped to drive our 'Safestart', 'One Summer' and 'One Winter' training programmes in 2023. They visited project sites reinforce our 'Never Harm' core value, and to take the opportunity to update our people personally on what was happening in the business.

Indeed, communication with our colleagues is regular and detailed via a number of channels including team briefings, town halls, our intranet (Greenspace), an employee newspaper and our internal messaging system (Yammer) and others, as and when needed.

We were also proud to continue the Murphy Christmas Community Fund and donated £100,000 to foodbanks across the country.



Our culture is based on five core values: Never Harm; Always Deliver; Continually Improve; One Murphy, One Team, One Family; and Respect, Integrity and Accountability. These values have underpinned the successful growth of the business since its incorporation in 1951.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2023.

Corporate governance

The Directors continue to adopt the Wates Corporate Governance Principles for Large Private Companies as a framework when making a disclosure regarding corporate governance arrangements.

For details on how the framework has been applied, please see the preceding section. The Group has not departed from any corporate governance code identified in the Strategic Report.

Results and dividends

The profit for the financial year after taxation amounted to £45.9m (2022: £35.4m). During the year, dividends of £5.8m and £11.1m were declared and paid in respect of 2022 (2022: £9.1m).

Strategic Report

The Directors have chosen, in accordance with Section 414 (c) of the Companies Act, to disclose information relating to a review of the business and business relationships, along with future events, in the Strategic Report.

Future developments

Murphy continues its disciplined approach to maintaining a sustainable margin and a strong balance sheet, underpinned by organic growth in its chosen sectors.

The Group will continue to deliver projects safely and consistently for its customers while achieving operational excellence that enables a greener future, and enhances society and communities.

The impact of the ongoing war in Ukraine, volatile energy prices and the high levels of inflation seen could have a negative impact on the Group's operating profit. To date, these risks are being managed and the Board continues to take them into account when making any investment and operational decisions.

Subsequent events

In February 2024, the Company declared and paid an interim dividend of £8.8m in respect of 2023.

In April 2024, the Group entered into a £25m committed credit facility with Lombard, a subsidiary of the NatWest Group plc. This 3 year facility will help to ensure the Group can continue to invest in new plant in the UK.

Directors

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

John Cresswell, Chairman
John Paul Murphy, Chief Executive Officer
Joseph Ledwidge, Chief Financial Officer
John Patrick Murphy
David Huw Davies (retired 30 November 2023)
Paul Grammer
Deborah Lodge
Clare Mara
James Murphy
Karina Murphy
Kathleen Murphy (retired 31 July 2023)
Adam Walker (appointed 1 October 2023)
Russell King (appointed 1 March 2024)

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 currently remains so. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. This indemnity is provided for all Group companies.

Charitable donations

The Group made charitable donations of £0.5m (2022: £0.2m) during the year.

Energy and Carbon report

The Streamlined Energy and Carbon Reporting Statement is presented on page 56.

Research and development

The Group undertakes research and development activities when delivering projects for its customers. Innovation and developing new construction techniques are vital to allow the Group to deliver complex projects.

Employee engagement

The Group depends on the skills and commitment of its employees to achieve its objectives.

Employees at every level are encouraged and incentivised to focus on their personal development, achieve their potential and make the fullest possible contribution to the Group.

The Group's selection, training, development and promotion policies are designed to ensure equal opportunities for all employees, regardless of gender, marital status, race, age, disability, religion or belief, and orientation.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

The Group engages with its employees in several different ways. There is personal engagement by the Executive Team through three main safety events held through the year: 'Safestart', 'One Summer' and 'One Winter'. At these sessions, employees are briefed on key safety messages as well as updates on the business and its plans.

The Company uses a variety of digital channels including the intranet, email, Teams and Yammer to engage employees about the business, successes, strategy and news. The Chief Executive Officer also takes questions at regular events.

The Group also carries out its annual Employee Engagement Survey, together with regular pulse surveys, where employees are invited to give feedback about working in the business. The results are reviewed by the Executive team and the Board and, where needed, improvements are actioned in response.

The Group's people strategy sets targets for the level of emerging talent in the business, vacancies filled by internal candidates and the degree of representation of underrepresented groups.

The Company ensures employment opportunities are available to people with disabilities, in accordance with their capabilities, on equal terms with all. If a colleague becomes disabled during their employment with us, we make every effort to enable them to continue to work by making reasonable adjustments in the workplace and, if needed, retraining for alternative work.

The Directors have included information relating to engagement with stakeholders, customers, suppliers and employees in the Section 172 Statement on page 47.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and parent Company financial statements ('the financial statements') in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company 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).

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 Group and the Company, and of the profit or loss of the Group for that period. In preparing these 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;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company, and therefore for taking reasonable steps for preventing and detecting fraud and other irregularities.

They are further responsible for the maintenance and integrity of the corporate and financial information included on the J. Murphy & Sons website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors as to disclosure of information to the Company's auditor

We confirm that to the best of our knowledge that each of the persons who are Directors at the time when this Directors' report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on 23 May 2024 and signed on its behalf.



Joe Ledwidge
Director

STREAMLINED ENERGY & CARBON REPORTING STATEMENT

Energy efficiency action taken in 2023:

- Improved vehicle/plant efficiency, through purchasing state-of-the-art, environmentally conscious plant, equipment and machinery for our projects. We are increasing the use of innovative low-carbon technologies, including electric, hybrid and hydrogen powered equipment, all chosen by our 'Murphy Green Guide'. We have also improved our methodology for tracking our fuel consumption, to optimise our efforts.
- Installation of EV car charging points across the UK, in every office, and an increase in the number of electric/hybrid vehicles in our fleet to cover all grades.
- Alternative fuel transition: feasibility studies and project trials of renewable fuels to remove fossil fuel reliance, mapping the most efficient way of fuelling our fleets and targeting our single biggest emission source. Operationalising net zero for our projects by incorporating key action targets for alternative fuel into our monthly SHES heatmaps.
- Focus on waste management, leading to increased recycling and reuse rates and continued progress towards our Zero to Landfill ambition. Greater contribution towards a circular economy through our focus on resource productivity, resulting in less waste generated and lower energy usage.
- Project efficiencies: reduced project footprints through better planning to remove reliance on fossil fuel combustion. Actions include more electrical connections where feasible, efficient deployment of staff, use of local suppliers and remote access meetings.
- Behavioural change campaigns around fuel efficiency, via our '10 steps to 10%' reduction in fuel consumption through efficient behaviours.
- Improved energy efficiency in Company offices/site accommodation through efficient generation, alternative fuel strategies and embracing new technologies.

Murphy has committed to achieving net zero direct emissions by 2030 and to be 'net carbon positive' by 2050 for all emission sources. We are signatories to the SBTi 'Business Ambition to 1.5°C', confirming that we have committed to set a science-based target that is in line with a 1.5°C future. We have developed a GHG emissions management plan and associated reduction targets.

Results

Following our latest carbon emissions certification audit for the UK, Murphy has successfully achieved its 'Carbon Reduce' (formerly CEMARS) certification for the past 15 years, with the following 2023 highlights:

- Achieved a verified 30% reduction target one year early (30.04% (2019) reduction vs. 2009 baseline), certified by Achilles to ISO 14064 through the Carbon Reduce scheme.
- A further 2020-2025 reduction target of 50% (tCO₂/£m) has since been set, with progress in 2023 now totalling 48% emissions reduction vs our 2019 baseline.

	2023 – GHG emissions			2022 – GHG emissions		
	kWh	tCO ₂ e	tCO ₂ e/£m	kWh	tCO ₂ e	tCO ₂ e/£m
Electricity	8,002,637	826.87	1.00	4,128,048	871.31	0.98
Transportation fuel	81,240,544	18,359	22.16	80,193,440	19,311	21.67
Natural gas	614,257	112	0.14	661,364	121	0.14

Methodology: This inventory has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting. J Murphy & Sons Limited meets the requirements of Carbon Reduce (formerly CEMARS*) certification (Certificate No: 2022039J Expiry: 22 March 2025), having measured its greenhouse gas emissions in accordance with ISO 14064-1:2018 and committed to managing and reducing its emissions in respect of the operational activities of its UK organisation, including Joint Ventures (JVs). The operational control consolidation approach has been used to account for operational emissions with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standards. Equity share has been used for JVs. Excluded emissions do not exceed 5% of the total footprint for organisation stated. Data was collected for each GHG emissions source using supplier/transaction records. The source of the data and an explanation of any uncertainties or assumptions made were audited as part of ISO certification. Estimated numerical uncertainties are reported with the emissions calculations and results. All data was calculated using GHG emissions factors as published by the Department for the Environment, Food and Rural Affairs (Defra). A calculation methodology has been used for quantifying the GHG emissions inventory using emissions source activity data multiplied by GHG emissions or removal factors. The GHG emissions sources included in this inventory are those required for Programme certification and were identified with reference to the methodology described in the GHG Protocol and ISO14064-1:2018 standards. Identification of emissions sources was achieved via communications with suppliers and J Murphy & Sons Limited staff and cross checked against operational expenditure records for the reporting period. These records were viewed in order to see what activities may be associated with emissions from all of the operations. 2022 and 2023 data disclosed is externally verified and accepted as part of ISO certification by Achilles Assessment Services.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J. MURPHY & SONS LIMITED

Opinion

We have audited the financial statements of J. Murphy & Sons Limited (the 'parent company') and its subsidiaries (the 'Group') for the period ended 31 December 2023 which comprise of the Consolidated Profit and Loss account, Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows 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 Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's 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 Group and parent 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 Group's or the parent 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J. MURPHY & SONS LIMITED CONTINUED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 54, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- 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, distributable profits legislation and UK pensions and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, review of board meeting minutes, and enquiries with management and the legal team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J. MURPHY & SONS LIMITED CONTINUED

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 Group audit engagement team identified the risk of management override of controls and management bias in accounting estimates 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 that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular 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.

Andrew Monteith (Senior Statutory Auditor)

RSM UK Audit LLP
Statutory Auditor Chartered Accountants
Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Total revenue		1,420,966	1,490,782
Less: share of joint ventures' revenue		(37,136)	(7,853)
Turnover	3	1,383,830	1,482,929
Cost of sales		(1,254,031)	(1,373,107)
Gross profit		129,799	109,822
Administrative costs		(74,982)	(78,018)
Other operating income		16,915	13,853
Group operating profit	4	71,732	45,657
Loss on revaluation of investment properties	12	(3,399)	(623)
Share of loss in joint venture, post tax	13,26	(6,687)	(1,096)
(Loss) / Profit on exchange (unrealised)		(754)	1,752
Interest receivable	7	11,103	1,837
Interest payable	8	(5,159)	(2,951)
Profit before taxation		66,836	44,576
Tax on profit	9	(20,890)	(9,166)
Profit for the financial year	24	45,946	35,410
Profit attributable to:			
- Owners of the parent		45,946	35,410
		45,946	35,410

All amounts relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Profit for the financial year	24	45,946	35,410
Other Comprehensive (Loss) / Income:			
Remeasurement (loss) / gain recognised in pension scheme	22	(7,297)	8,833
Movement on tax relating to pension deficit	9	293	(4,045)
Currency translation differences	24	(3,641)	2,130
Other Comprehensive (Loss) / Income for the year, net of tax		(10,645)	6,918
Total Comprehensive Income for the year		35,301	42,328
Total Comprehensive Income attributable to:			
- Owners of the parent		35,301	42,328
- Non-controlling interest		-	-
		35,301	42,328

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Profit / (Loss) for the financial year	24	60,611	(15,964)
Other Comprehensive (Loss) / Income:			
Remeasurement (loss) / gain recognised in pension scheme	22	(7,297)	8,833
Movement on tax relating to pension deficit	9	293	(4,045)
Currency translation differences		(14)	32
Other Comprehensive (Loss) / Income for the year, net of tax		(7,018)	4,820
Total Comprehensive Income / (Loss) for the year		53,593	(11,144)
Total Comprehensive Income / (Loss) attributable to:			
- Owners of the parent		53,593	(11,144)
- Non-controlling interest		-	-
		53,593	(11,144)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Positive goodwill	10	1,496	2,014
Negative goodwill	10	-	(133)
Net goodwill	10	1,496	1,881
Intangible assets	11	1,324	3,985
Tangible assets	12	305,126	280,332
Investments in joint ventures	13	38,232	6,519
Total fixed assets		346,178	292,717
Current assets			
Stocks	15	8,370	4,300
Debtors	16	158,355	239,485
Cash at bank and in hand	17	362,127	291,875
Total current assets		528,852	535,660
Creditors: amounts falling due within one year	18	(524,795)	(477,657)
Net current assets		4,057	58,003
Total assets less current liabilities		350,235	350,720
Creditors: amounts falling after due more than one year	19	(20,801)	(37,458)
Provision for liabilities	20	(29,171)	(29,663)
Post-employment benefits	22	-	(1,737)
Net assets		300,263	281,862
Capital and reserves			
Called up share capital	23	2,543	2,543
Profit and loss account	24	297,813	279,412
Total equity attributable to owners of the parent		300,356	281,955
Non-controlling interest		(93)	(93)
Total equity		300,263	281,862

The financial statements on pages 60 to 88 were approved by the Board of directors on 24 May 2024 and were signed on its behalf by:



Joe Ledwidge
Director

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	1,324	3,968
Tangible assets	12	34,794	25,294
Investments	14	837	837
Total fixed assets		36,955	30,099
Current assets			
Stocks	15	897	1,066
Debtors	16	284,539	313,527
Cash at bank and in hand	17	294,268	221,242
Total current assets		579,704	535,835
Creditors: amounts falling due within one year	18	(454,216)	(438,426)
Net current assets		125,488	97,409
Total assets less current liabilities		162,443	127,508
Creditors: amounts falling after more than one year	19	(376)	(397)
Post-employment benefits	22	-	(1,737)
Net assets		162,067	125,374
Capital and reserves			
Called up share capital	23	2,543	2,543
Profit and loss account	24	159,524	122,831
Total equity		162,067	125,374

The Directors have taken the exemption provided by Section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company. The profit for the year of the Company was £60,611,000 (2022: loss of £15,964,000).

The financial statements on pages 60 to 88 were approved by the Board of directors on 24 May 2024 and were signed on its behalf by:



Joe Ledwidge
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Called up share capital £'000	Profit and Loss account £'000	Total equity attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance as at 1 January 2022		2,543	246,184	248,727	(93)	248,634
Profit for the financial year	24	-	35,410	35,410	-	35,410
Other Comprehensive Loss for the year		-	6,918	6,918	-	6,918
Total Comprehensive Income for the year		-	42,328	42,328	-	42,328
Dividends paid	25	-	(9,100)	(9,100)	-	(9,100)
Balance as at 31 December 2022		2,543	279,412	281,955	(93)	281,862
Balance as at 1 January 2023		2,543	279,412	281,955	(93)	281,862
Profit for the financial year	24	-	45,946	45,946	-	45,946
Other Comprehensive Loss for the year		-	(10,645)	(10,645)	-	(10,645)
Total Comprehensive Income for the year		-	35,301	35,301	-	35,301
Dividends paid	25	-	(16,900)	(16,900)	-	(16,900)
Balance as at 31 December 2023		2,543	297,813	300,356	(93)	300,263

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Called up share capital £'000	Profit and Loss account £'000	Total equity £'000
Balance as at 1 January 2022		2,543	143,075	145,618
Loss for the financial year	24	-	(15,964)	(15,964)
Other Comprehensive Profit for the year		-	4,820	4,820
Total Comprehensive Loss for the year			(11,144)	(11,144)
Dividends paid	25	-	(9,100)	(9,100)
Balance as at 31 December 2022		2,543	122,831	125,374
Balance as at 1 January 2023		2,543	122,831	125,374
Profit for the financial year	24	-	60,611	60,611
Other Comprehensive Loss for the year		-	(7,018)	(7,018)
Total Comprehensive Profit for the year			53,593	53,593
Dividends paid	25	-	(16,900)	(16,900)
Balance as at 31 December 2023		2,543	159,524	162,067

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Cash generated from operating activities	26	191,318	113,733
Taxation paid		(15,888)	(446)
Net cash generated from operating activities		175,430	113,287
Cash flow used in investing activities			
Purchase of tangible assets		(43,957)	(32,087)
Purchase of intangible assets		-	2
Proceeds from disposal of tangible assets		3,160	2,278
Acquisition of joint venture	13	(35,812)	-
Interest received	7	10,969	1,837
Term deposit with initial maturity more than three months	17	(91,750)	(70,000)
Net cash used in investing activities		(157,390)	(97,970)
Cash flow used in financing activities			
Dividends paid	25	(16,900)	(9,100)
Interest paid	8	(5,159)	(2,727)
Repayment of equipment loans		(1,288)	(2,640)
Repayment of obligations under finance leases		(15,437)	(16,030)
Net cash used in financing activities		(38,784)	(30,497)
Net decrease in cash and cash equivalents		(20,744)	(15,180)
Effects of currency translation on cash and cash equivalents		(754)	1,752
Term deposits matured during the year		70,000	-
Cash and cash equivalents at the beginning of the year		221,875	235,303
Cash and cash equivalents at the end of the year		270,377	221,875
Cash and cash equivalents consist of:			
Cash and cash equivalents at the end of the year		270,377	221,875
Term deposit with initial maturity more than three months		91,750	70,000
Cash at bank and in hand	17	362,127	291,875

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies General information

J. Murphy & Sons Limited (the Company) and its subsidiary undertakings (the Group) undertake delivery of major infrastructure programmes in the United Kingdom, Ireland and internationally, together with related plant and specialist construction activities including piling and ground engineering, structural steel fabrication and pipelines testing services. The business also engages in selective property development activities.

The Company is privately owned and limited by shares. The Company is incorporated and domiciled in England and its registered office is Hiview House, Highgate Road, London, NW5 1TN.

Statement of compliance

The Group and individual financial statements of J. Murphy & Sons 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' (FRS102) and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of financial statements

The financial statements are prepared in pounds sterling which is the functional currency of the Group and Company and are presented to the nearest thousand pounds.

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties.

Going concern

The Group continues to meet its day to day working capital requirements. The Group had £362.1m of cash (of which £315.3m was unrestricted, which included £91.8m of funds placed on deposit) at the year end.

The directors have prepared cashflow forecasts for the Group for the period to December 2025 (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 2024 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.

Taking these into account, the directors are of the opinion that the Group has adequate liquidity headroom and mitigation strategies to continue to operate for at least the next 12 months from approval of these financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102 (applicable to the Company only)

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Group's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a Statement of cash flows for the Company;
- from disclosing the Company key management personnel compensation, as allowed by FRS 102 paragraph 33.7.

Basis of consolidation

The financial statements consolidate the financial statements of J. Murphy & Sons Limited and all of its subsidiary undertakings ('subsidiaries'). All financial statements are prepared to 31 December 2023.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date control is obtained.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the date of change of control.

Where shares in a subsidiary are disposed of, the gain or loss on disposal is recognised in the Consolidated profit and loss account. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in Other Comprehensive Income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

1 Accounting policies continued

The directors have taken the exemption provided by Section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company.

Business combinations

Business combinations are accounted for using the acquisition accounting method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired company. The acquired company's identifiable assets, liabilities and contingent liabilities are recognised at their fair value as at the acquisition date. The cost of acquisition includes any costs incurred that are directly attributable to the business combination.

Goodwill

Positive goodwill arising on acquisition is initially measured at cost, being the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Subsequent to initial recognition, positive goodwill is amortised on a straight-line basis over its useful life. The determination of the useful life is based on a variety of factors such as the expected use of the acquired business and the expected life of the anticipated cashflows to which the goodwill is attributed. Other factors such as market, legal and regulatory conditions are also considered.

Positive goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated profit and loss account and is not subsequently reversed.

Negative goodwill on acquisitions is recognised when the cost of acquisition is less than the net amount of the fair value of identifiable assets acquired. It is stated at fair value less accumulated amortisation, which is credited to the Consolidated profit and loss account over the same period as the non-monetary assets acquired.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the Consolidated profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Intangible assets

Intangible assets comprise software development costs and amounts paid for acquisition of certain framework contracts which are stated at cost less accumulated amortisation and accumulated impairment losses. Costs incurred in bringing software assets into use are capitalised as intangible assets. Costs include the original purchase price and costs directly attributable to bring the asset to its working condition for its intended use. Software development costs are amortised on a straight-line basis over their estimated useful lives, from the date the asset is available for use. Useful lives are determined by

considering the intended use of the asset, technological changes and other legal and regulatory factors. Intangible assets are reviewed annually for indicators of impairment.

The useful life for software development costs is three to five years.

Assets under development are amortised over the expected useful life when the underlying technology is brought into use.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include the original purchase price and costs directly attributable to bring the asset to its working condition for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year end. The effect of any change is accounted for prospectively.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

	Years
Buildings	20 - 40
Plant and machinery	3 - 12
Motor vehicles	4 - 5
Computer & other equipment	3 - 5

Land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Investment properties

Investment properties are stated at fair value which is the open market value in accordance with FRS 102 and are not depreciated.

Investment property acquisitions and disposals (including any related profit or loss) are not recognised until there is an exchange of unconditional contracts. Costs associated with the acquisitions are capitalised.

Any changes in fair value are recognised in the Consolidated profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

1 Accounting policies continued Investments

Investments in subsidiary undertakings and jointly controlled entities are held at cost less accumulated impairment losses. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Any changes in carrying values are recognised in the Company profit and loss account.

Non-controlling interests

The interest of non-controlling shareholders in the acquired company is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Jointly controlled operations

The Group enters into arrangements with partners to bid for and fulfil certain contracts. Where the arrangement involves the use of assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity to undertake a project or framework of projects, the Group classifies this as a jointly controlled operation.

The Group's share of turnover and costs from participation in construction joint operations are accounted for on a direct basis and are included in the Consolidated profit and loss account. The Group recognises its share of the assets and liabilities of joint operations on a line by line basis.

Jointly controlled entities

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity. The Group applies equity accounting to its jointly controlled entities. The Group brings the investment in the jointly controlled entity into its financial statements initially at cost, identifying any goodwill or negative goodwill arising. The carrying amount of the investment is adjusted in each period by the Group's share of the results of the jointly controlled entity. The Group's share of the jointly controlled entity's results is recognised in its profit and loss account. The Group's cash flow statement includes the cash flows between the Group and its jointly controlled entities.

The carrying value of investments in joint ventures is reviewed for impairment at least annually and any impairment is recognised in the Consolidated profit and loss account.

Stocks

Raw materials and consumables stock are items held for use on construction projects. Raw materials and consumables cost is the purchase price, and is determined on the first-in, first-out (FIFO) method and is recognised as an expense in the year in which the related revenue is recognised.

Property for development comprises sites held in order to be developed for sale, or that are actively being developed for sale. The cost of property for development includes construction and other attributable costs incurred. The cost does not include borrowing costs.

Property for resale comprises developed sites that are available for sale. When property is sold, development costs included in stock are allocated to cost of sales using the percentage of square footage of the property multiplied by the estimated total cost of the development. All stock categories are stated at the lower of cost and estimated selling price less costs to sell, having taken into accounts obsolete and slow moving items.

At the end of each reporting period, stock is assessed for impairment. In the case of development sites, this assessment includes input from independent professional valuers in estimating development site fair value. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Consolidated profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Consolidated profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, short-term deposits held with banks and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group considers any amount deposited for 12 months or less to be a short-term deposit.

Employee benefits

The Group operates both Defined Benefit and Defined Contribution pension schemes for certain employees.

(a) Defined Benefit pension scheme

A Defined Benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the Defined Benefit pension plan is the present value of the Defined Benefit pension obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Defined Benefit pension obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high-quality corporate bonds that are denominated in pounds sterling and that have terms approximating the estimated period of the future payments ('discount rate').

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

1 Accounting policies continued

A curtailment is recognised in profit and loss where there is an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of Defined Benefit for some or all of their future service.

Remeasurement gains and losses arising from experience adjustments and changes in remeasurement assumptions are charged or credited to Other Comprehensive Income in the period they occur. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement gain or loss recognised in pension scheme'. Remeasurements are not classified to profit and loss account in subsequent periods. Adjustments for equalisation of past service costs are charged to the profit and loss account in the year they are identified.

The net interest element is determined by multiplying the net Defined Benefit pension scheme liability by the discount rate at the start of the period, taking into account any changes in the net liability during the period as a result of contribution and benefit payments. The net interest cost is recognised in the profit or loss as other interest receivable or payable.

(b) Defined Contribution schemes

For Defined Contribution schemes, the amount recognised in the Consolidated profit and loss account is equal to the Company's contributions payable to the schemes during the year.

(c) Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Financial instruments

(a) Trade debtors and other receivables

Trade debtors 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 Group 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 Consolidated profit and loss account.

(b) 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 valuation, the balance is included as payments received on account within creditors. The amount by which accruals or provisions for foreseeable losses exceed costs incurred, after transfer to cost of sales, is included within creditors.

(c) Trade creditors and other payable

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

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.

Preference shares are classified as equity as the holders have no voting rights, there is no fixed maturity and there is no contractual obligation to make any payments. The preference shares are recorded at the value of consideration received.

Revenue recognition

Revenue comprises revenue recognised by the Group 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 final 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.

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.

Revenue earned from the sale of property assets held for sale is recognised when the sale of each residential property unit has reached legal completion (i.e. legal control of the asset is transferred to the purchaser).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

1 Accounting policies continued

Tender Costs

Tender costs are expensed in the period in which they are incurred.

Other operating income

Other operating income comprises rental income in respect of leasing property during the year. Rental income comprises revenue recognised by the Group in respect of renting out investment properties during the year, exclusive of Value Added Tax and is recognised property by property in the Consolidated profit and loss account on a straight-line basis over the period of the lease, within Other operating income. Also included in other operating income are amounts received in respect of government grants.

Where applicable, lease incentives given to investment property tenants are charged to the Consolidated profit and loss account to reflect rental income on a straight-line basis over the period of the lease.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated 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.

Current or deferred taxation assets and liabilities are not discounted.

(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.

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 relating to investment property that is measured at fair value is measured using the tax rates and allowances that would apply to the sale of the asset.

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

Finance lease assets

The Group leases assets that transfer substantially all the risks and rewards incidental to ownership which are classified as finance leases.

All assets acquired under finance leases are capitalised at commencement of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease are included in the cost of the asset. Leased assets are depreciated over their useful economic lives.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating leases

Operating lease payments are recognised as an expense in the Consolidated profit and loss account on a straight-line basis over the lease term.

Foreign currency – Company

All transactions denominated in a foreign currency have been translated into pounds sterling at the exchange rate in operation at the date on which the transactions occurred. Monetary assets and liabilities denominated in a foreign currency have been translated at the rate of exchange ruling at the balance sheet date.

All differences have been taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

1 Accounting policies continued

Foreign currency – Group

The Group financial statements are presented in pounds sterling.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses of overseas subsidiary undertakings are translated at the average exchange rate for the year. Resulting exchange differences are recognised in the Consolidated statement of comprehensive income.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the consolidated financial statements.

2 Critical accounting judgements and estimation uncertainty

In the preparation of the consolidated 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 Group.

Critical accounting estimates and judgements

The Group 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 estimation 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 involved in 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 and future financial years.

(b) Carrying value of trade debtors, amounts recoverable on contracts and other receivables

The Group makes an estimate of the recoverable value of trade debtors, amounts recoverable on contracts and other receivables (see Note 16). When assessing impairment of trade debtors, amounts recoverable on contracts and other receivables, management considers factors including the current credit rating of the trade debtors, the ageing profile of the trade debtors 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.

(c) Defined Benefit pension scheme

The Group has disclosed in Note 22 the assumptions used in calculating the Defined Benefit pension scheme obligations. In performing the calculation, a number of assumptions around future salary increases, increase in pension benefits, mortality rates, inflation and discount rates have been made. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the Defined Benefit pension scheme, such estimates are subject to significant uncertainty.

(d) Investment properties

The fair value of investment properties is based on a valuation by independent, professional valuers (Jones Lang LaSalle), who have performed their valuation in accordance with the RICS Valuation – Professional Standards and FRS 102.

There are significant judgements and estimates involved in valuing such properties which are subject to uncertainty in outcome, including current market yields, estimated rental values, capital expenditure requirements, void costs and tenant incentives. Refer to Note 12 for the assumptions.

(e) Carrying value of property for development

Inventories of property for development are stated in the balance sheet at the lower of cost and net realisable value. Due to the nature of development activity and, in particular, the length of the development cycle, the Group has to allocate site-wide development costs between completed units and those to be completed in future years. The factors affecting allocation are set out in the accounting policy section on stocks on page 66. The Group also has to make estimates of the costs to complete for such developments and the need for any impairment loss, calculated by reference to independent professional valuations. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years and the carrying value of the inventory.

(f) Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

2 Critical accounting judgements and estimation uncertainty continued

Critical accounting estimates and judgements continued

There is a degree of inherent uncertainty in making such estimates. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

(g) Plant and machinery

Plant and machinery included within tangible assets has a significant carrying value (see Note 12). Plant and machinery is depreciated on a straight-line basis. The useful lives of tangible assets are reviewed regularly in light of technological change, prospective utilisation and the physical condition of the assets. Plant and machinery is reviewed annually for indicators of impairment.

3 Turnover

The directors consider that turnover earned relates entirely to the same category of business, which is construction work in building, civil engineering and allied trades executed during the year, exclusive of value added tax. The Group turnover by geographical market is analysed as follows:

	2023 £'000	2022 £'000
United Kingdom and Ireland	1,012,283	1,023,566
Rest of the World	371,547	459,363
	1,383,830	1,482,929

4 Group operating profit

	2023 £'000	2022 £'000
This is stated after charging / (crediting):		
Staff costs (Note 5)	318,681	293,006
Amortisation of positive goodwill (Note 10)	473	466
Amortisation of negative goodwill (Note 10)	(133)	(339)
Amortisation of intangible assets (Note 11)	2,647	2,981
Depreciation of tangible assets (Note 12)	31,906	27,510
Profit on disposal of tangible fixed assets	(1,962)	(1,133)
Cost of stock written down	1,192	-
Operating lease charges	9,021	5,938
Auditors' remuneration		
- audit of Company and Group financial statements	356	350
- audit of subsidiaries	337	279

The figures for auditor's remuneration for the company required by regulation 5(1)(b) of the companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 are not presented as the consolidated Financial Statements comply with this regulation on a consolidated basis.

5 Employee information

Group	2023 £'000	2022 re-presentation £'000
Wages and salaries	276,919	253,168
Social security costs	32,191	30,955
Other pension costs	9,571	8,883
	318,681	293,006

The monthly average number of employees, including directors, during the year was as follows:	2023 Number	2022 Number
Management	78	77
Production	3,233	3,104
Administration	544	507
	3,855	3,688

Company	2023 £'000	2022 re-presentation £'000
Wages and salaries	214,791	204,080
Social security costs	27,198	27,126
Other pension costs	7,450	7,123
	249,439	238,329

The monthly average number of employees, including directors, during the year was as follows:	2023 Number	2022 Number
Management	53	54
Production	2,596	2,597
Administration	376	365
	3,025	3,016

A re-presentation was required to certain information contained in note 5 due to an error that was discovered. This has been corrected in the information presented above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

6 Directors' remuneration

	2023 £'000	2022 £'000
Directors' remuneration		
Aggregate remuneration	3,458	2,747
Money purchase pension contributions	150	146
Benefits in kind	11	9
	3,619	2,902

	2023 £'000	2022 £'000
Highest paid director		
Aggregate remuneration	1,781	1,398
Other pension cost	84	80
	1,865	1,478

There are three (2022: four) directors to whom post-employment benefits are accruing under money purchase schemes. There is no participation by any directors in a Defined Benefit scheme. For the highest paid director, there was no exercise of any share options and no participation in a Defined Benefit pension scheme.

Key management compensation

Key management includes the directors and members of senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2023 £'000	2022 re-presentation £'000
Salaries and other short-term benefits	9,912	9,025
Post-employment benefits	325	388
	10,237	9,413

A re-presentation was required to certain information contained in note 6 due to an error that was discovered. This has been corrected above.

7 Interest receivable

	2023 £'000	2022 £'000
Bank and other interest receivable	10,969	1,837
Net Defined Benefit pension interest income (Note 22)	134	-
	11,103	1,837

8 Interest payable

	2023 £'000	2022 £'000
Net Defined Benefit pension interest expense (Note 22)	-	224
Bank and other interest payable	1,310	1,024
Interest on finance leases	3,849	1,703
	5,159	2,951

9 Tax on profit

Tax charge included in the Consolidated profit and loss account

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax at 23.5% (2022: 19%)		
- current year	29,708	6,928
- adjustments in respect of previous periods	1,088	375
Total current tax	30,796	7,303
Deferred tax:		
Accelerated capital allowances and other timing differences	(9,070)	1,291
Changes in tax laws and rates	(299)	486
Adjustments in respect of previous periods	(537)	86
Total deferred tax	(9,906)	1,863
Tax charge on profit	20,890	9,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

9 Tax on profit continued

Tax (credit) / charge included in the Consolidated Statement of Comprehensive Income

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax	(1,009)	793
Deferred tax:		
Origination and reversal of timing differences	716	3,252
Total tax (credit) / charge included in the Consolidated statement of comprehensive income	(293)	4,045

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before taxation	66,836	44,576
Share of loss in joint venture, post taxation	6,687	1,096
Profit before taxation excluding share of loss in joint venture	73,523	45,672
Profit before taxation excluding share of loss in joint venture multiplied by standard rate in the UK of 23.5% (2022: 19%)	17,278	8,678
Effects of:		
Expenses not deductible for tax purposes	2,993	692
Income not taxable	(419)	(389)
Changes in tax rates	342	328
Tax credited directly to OCI	(293)	(1,837)
Deferred tax not recognised	493	(8)
Adjustments in respect of previous periods	551	461
Effects of group relief	-	98
Difference in rate of tax overseas	(55)	1,143
Tax charge for the year	20,890	9,166

Deferred tax asset of £653,103 (2022: liability of £88,499) has not been recognised.

Factors affecting future tax charges

The deferred tax balance as at the year-end has been recognised at 25.0% (2022: 25.0%), which is the enacted corporation tax rate effective from 1 April 2023.

The Organisation for Economic Co-operation and Developments (OECD) released Pillar Two model rules in December 2021 introducing a global minimum tax rate of 15% to address the tax concerns about uneven profit distribution and tax contributions of large multinational corporations. In December 2022, the OECD released transitional safe harbour rules as a short-term measure to minimise the compliance burden for lower risk jurisdictions.

The Pillar Two top-up tax rules were substantially enacted in the UK in 2023 with application from 1 January 2024. The Group does not expect to be materially impacted by the top-up tax in relation to its operations.

10 Goodwill

	Negative Goodwill £'000	Positive Goodwill £'000	Total £'000
Cost			
At 1 January 2023	(1,137)	4,834	3,697
Exchange difference	-	(110)	(110)
Year ended 31 December 2023	(1,137)	4,724	3,587
Amortisation			
At 1 January 2023	(1,004)	2,820	1,816
Charge / (credit) for the year	(133)	473	340
Exchange difference	-	(65)	(65)
At 31 December 2023	(1,137)	3,228	2,091
Net book value			
At 31 December 2023	-	1,496	1,496
At 31 December 2022	(133)	2,014	1,881

Positive goodwill comprises goodwill arisen on the acquisition of Murphy Process Engineering Limited and is being amortised on a straight line basis over a period of 10 years, based on the directors' estimate of its useful life.

Negative goodwill arose on the acquisition of Murphy Eltel JV Limited and amortisation was completed during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

11 Intangible assets

Group	Assets under development £'000	Other intangible assets in use £'000	Software Development in use £'000	Total £'000
Cost				
At 1 January 2023	56	888	14,909	15,853
Additions	-	-	-	-
Disposals	(14)	-	-	(14)
Transfers	(42)	-	42	-
Year ended 31 December 2023	-	888	14,951	15,839
Amortisation				
At 1 January 2023	-	872	10,996	11,868
Charge for the year	-	16	2,631	2,647
At 31 December 2023	-	888	13,627	14,515
Net book value				
At 31 December 2023	-	-	1,324	1,324
At 31 December 2022	56	16	3,913	3,985

Software development in use is being amortised on a straight line basis over a period of three to five years, from the date the asset became available for use. The amortisation charge is recognised in the profit and loss account within administration expenses.

Other intangible assets in use consist of the amount paid by the Group to acquire the NG Utility frameworks during the previous years and are being amortised on a straight line basis over a period of 5 years, the life of the frameworks (asset fully amortised in February 2023). The amortisation charge is recognised in the profit and loss account within cost of sales.

Assets under development comprised amounts capitalised during development of facility management software and will be amortised over the expected useful life when the underlying technology is brought into use.

Company	Assets under development £'000	Software Development in use £'000	Total £'000
Cost			
At 1 January 2023	56	14,908	14,964
Additions	-	-	-
Disposals	(13)	-	(13)
Transfers	(43)	43	-
Year ended 31 December 2023	-	14,951	14,951
Amortisation			
At 1 January 2023	-	10,996	10,996
Charge for the year	-	2,631	2,631
At 31 December 2023	-	13,627	13,627
Net book value			
At 31 December 2023	-	1,324	1,324
At 31 December 2022	56	3,912	3,968

Software development in use is being amortised on a straight line basis over a period of three to five years, from the date the asset became available for use. The amortisation charge is recognised in the profit and loss account within administration expenses.

Assets under development comprise amounts capitalised during development of facility management software and will be amortised over the expected useful life when the underlying technology is brought into use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

12 Tangible assets

Group	Investment properties £'000	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Computer and other equipment £'000	Total £'000
Cost / Valuation						
At 1 January 2023	149,460	42,370	159,722	34,542	8,457	394,551
Additions	16,160	14,766	31,049	7,953	852	70,780
Disposals	-	(1,724)	(7,632)	(2,922)	-	(12,278)
Revaluation	(3,399)	-	-	-	-	(3,399)
Transfers	2,435	(8,738)	-	-	-	(6,303)
Exchange difference	(9)	(350)	(1,758)	(150)	(62)	(2,329)
At 31 December 2023	164,647	46,324	181,381	39,423	9,247	441,022
Depreciation						
At 1 January 2023	-	7,625	81,998	17,870	6,726	114,219
Charge for the year	-	1,776	23,874	5,182	1,074	31,906
Disposals	-	-	(6,592)	(2,756)	-	(9,348)
Exchange difference	-	(31)	(738)	(66)	(46)	(881)
At 31 December 2023	-	9,370	98,542	20,230	7,754	135,896
Net book value						
At 31 December 2023	164,647	36,954	82,839	19,193	1,493	305,126
At 31 December 2022	149,460	34,745	77,724	16,672	1,731	280,332

Following review of property portfolio, one property was transferred from Land and Buildings (£2,291,000) to Stock. The historical cost of investment properties is £45,344,000 (2022: £27,652,000).

The net carrying amount of assets held under finance leases is included in plant and machinery and motor vehicles and is £52,572,000 (2022: £48,382,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

12 Tangible assets continued

The 2023 valuations were prepared by external valuers Jones Lang LaSalle, who are members of the Royal Institute of Chartered Surveyors and have recent experience in the location and category of the investment properties being valued. The valuation is on the basis of open market value. The key assumptions made relating to the valuations are set out below:

	Industrial property		Open storage	
	2023	2022	2023	2022
Yield	4.50% - 7.90%	5.25% - 8.00%	5.80% - 7.90%	7.75% - 8.50%
Voids / letting periods	6 months - 12 months	6 months - 12 months	6 months - 12 months	6 months - 12 months
Market rents	£1.50 - £16.00 per sq. foot	£5.00 - £14.50 per sq. foot	£0.80 - £4.50 per sq. foot	£0.35 - £1.75 per sq. foot

Company	Investment properties £'000	Land and buildings £'000	Plant and machinery £'000	Computer and other equipment £'000	Total £'000
Cost / Valuation					
At 1 January 2023	5,060	22,935	6,307	6,239	40,541
Additions	12,893	334	963	593	14,783
Disposals	-	(1,724)	(547)	-	(2,271)
Revaluation	(728)	-	-	-	(728)
At 31 December 2023	17,225	21,545	6,723	6,832	52,325
Depreciation					
At 1 January 2023	-	6,256	3,975	5,016	15,247
Charge for the year	-	1,261	602	741	2,604
Disposals	-	-	(320)	-	(320)
At 31 December 2023	-	7,517	4,257	5,757	17,531
Net book value					
At 31 December 2023	17,225	14,028	2,466	1,075	34,794
At 31 December 2022	5,060	16,679	2,332	1,223	25,294

The historical cost of investment properties is £13,990,000 (2022: £1,576,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

12 Tangible assets continued

The 2023 valuations were prepared by external valuers Jones Lang LaSalle, who are members of the Royal Institute of Chartered Surveyors and have recent experience in the location and category of the investment properties being valued. The valuation is on the basis of open market value. The key assumptions made relating to the valuations are set out below:

Industrial property		
	2023	2022
Yield	6.60% - 7.90%	-
Voids / letting periods	6 months - 12 months	-
Market rents	£1.50 - £14.00 per sq. foot	-
Open storage		
	2023	2022
Yield	5.80% - 7.90%	5.75% to 8.00%
Voids / letting periods	6 months - 12 months	None
Market rents	£0.80 - £4.50 per sq. foot	£1.50 per sq. foot

The Company does not own any leasehold land and buildings. The land and buildings are freehold. The net carrying amount of assets held under finance leases included in plant and machinery is £1,206,000 (2022: £1,597,000).

13 Investments in joint ventures

Group	£'000
Share of net assets at 1 January 2023	6,519
Increase in investments in joint ventures*	41,573
Less: Deferred consideration*	(1,761)
Share of (losses) for the period, post-tax	(6,687)
Exchange difference	(1,412)
Share of net assets at 31 December 2023	38,232

* During 2023, SGN and JMS, partners of Murphy Asset Services Limited group ("MASL") subscribed additional shares in MASL for a subscription price of £4,000,000 by each partner. Furthermore, on 23 October 2023, Surerus Murphy LLC, a company jointly owned by Murphy Energy Services LLC and the Surerus Group, acquired all of the shares in WHC LLC and its subsidiary undertakings for a price of £37,583,000 of which £35,812,000 was paid by each partner and remaining £1,761,000 will be paid by each partner during 2024.

At the balance sheet date, the Group had investments in the following joint ventures:

	Activities	Country of incorporation	Percentage of ordinary shares held by Group
Surerus Murphy Ltd.	Pipeline industry support operations	Canada	50%
Murphy Asset Services Limited	Gas pipeline and electricity power line adoption and operation	England	50%
Murphy GMC Partnership	Pipeline installation	Republic of Ireland	50%
Optimise (Water) LLP	Civil engineering and utilities contracting	England	36%
Surerus Murphy LLC	Pipeline industry support operations	United States of America	50%

Additional disclosures are given in respect of the Group's share of the joint ventures during the period of ownership, as follows:

	Surerus Murphy Ltd.		Murphy Asset Services Limited group		Surerus Murphy LLC group	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	5,571	6,959	1,406	512	30,158	-
Operating loss	(255)	(37)	(1,037)	(1,044)	(4,619)	-
Interest receivable / (payable)	4	-	(552)	(15)	-	-
Loss before taxation	(251)	(37)	(1,589)	(1,059)	(4,619)	-
Tax on loss	-	-	-	-	-	-
Loss for the period	(251)	(37)	(1,589)	(1,059)	(4,619)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

13 Investments in joint ventures continued

	Murphy GMC Partnership	
	2023 £'000	2022 £'000
Turnover	-	-
Operating loss	(228)	-
Interest receivable / (payable)	-	-
Loss before taxation	(228)	-
Tax on Loss	-	-
Loss for the period	(228)	-

There was no Turnover or profit / loss from Optimise (Water) LLP in either the current or preceding financial year.

14 Investments

Investment in subsidiaries

Company	Investment in subsidiaries £'000
Cost and net book value	
At 1 January 2023 and 31 December 2023	837

The Company has the following directly owned subsidiary companies:

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
J.M. Piling Co. Limited	100%	England	Construction	Hiview House, Highgate Road, London, NW5 1TN
J. Murphy & Sons (Delancey Street) Limited	100%	England	Construction	Hiview House, Highgate Road, London, NW5 1TN
J. Murphy & Sons (Ireland Holdings) Limited (former: J. Murphy & Sons (Holdings) Limited)	100%	England	Holding company	Hiview House, Highgate Road, London, NW5 1TN

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Land and Marine Engineering Limited	100%	England	Engineering	Hiview House, Highgate Road, London, NW5 1TN
McCann Drilling Limited	80%	Northern Ireland	Dormant company	26 Crossmaglen Road, Newry, BT35 9UB
J. Murphy & Sons (North America Holdings) Limited (former: Murphy Pipelines Limited)	100%	England	Holding company	Hiview House, Highgate Road, London, NW5 1TN
Murphy Plant Limited	100%	England	Plant hiring	Hiview House, Highgate Road, London, NW5 1TN
Murphy Power Networks Limited	100%	England	Engineering	Hiview House, Highgate Road, London, NW5 1TN
Murphy Group Investments Limited	100%	England	Holding company	Hiview House, Highgate Road, London, NW5 1TN
Murphy Technical Services Limited	100%	England	Engineering	Hiview House, Highgate Road, London, NW5 1TN
Pre-Mixed Concrete (Midlands) Limited	100%	England	Dormant company	Hiview House, Highgate Road, London, NW5 1TN
Rocklift Limited	90%	Scotland	Dormant company	Exchange Tower, 19 Canning Street Edinburgh, EH3 8EH

The Company has the following indirectly wholly owned subsidiary companies:

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Dalston Lane Terrace Management Company Limited	Limited by guarantee	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

14 Investments continued

Investment in subsidiaries continued

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Murphy Project Gas 2 Limited	100%	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN
Murphy Investments (Holdings) Limited	100%	England	Holding company	Hiview House, Highgate Road, London, NW5 1TN
Delancey Commercial Limited	100%	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN
Delancey Residential Limited	100%	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN
Great Connell Murphy Investments Limited	100%	Republic of Ireland	Real Estate	Great Connell, Newbridge, Co Kildare
Murphy Asset Services Holdings Limited	100%	England	Holding company	Hiview House, Highgate Road, London, NW5 1TN
Murphy OHL Limited	100%	England	High voltage overhead line projects	Hiview House, Highgate Road, London, NW5 1TN
Murphy Group Canada Limited	100%	Canada	Construction	400 3rd Avenue Calgary Alberta T2P 4H2
Murphy Homes Limited	100%	England	Construction	Hiview House, Highgate Road, London, NW5 1TN
Murphy International Limited	100%	Republic of Ireland	Construction	Great Connell, Newbridge, Co Kildare
Murphy Investments (Mammoth) Limited	100%	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Murphy Investments (Morson Road) Limited	100%	England	Real estate	Hiview House, Highgate Road, London, NW5 1TN
Murphy Process Engineering Limited	100%	Republic of Ireland	Water and waste water engineers	Great Connell, Newbridge, Co Kildare
Rock Homes Limited	100%	Scotland	Dormant company	Exchange Tower 19 Canning Street Edinburgh, EH3 8EH

Earth Tech Holdings Limited and Jones Environmental UK Limited struck off effective 23/01/2023.

The Company has the following indirectly wholly owned subsidiary companies:

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Murphy Golborne Limited	100%	England	Real Estate	Hiview House, Highgate Road, London, NW5 1TN
Murphy Investments (Maxted) Limited	100%	England	Real Estate	Hiview House, Highgate Road, London, NW5 1TN
Murphy Investments (M62) Limited	100%	England	Real Estate	Hiview House, Highgate Road, London, NW5 1TN
J. Murphy North America Investments Limited	100%	Canada	Holding company	605 5th Avenue SW Calgary, Alberta, T2P 3HP
J. Murphy North America Holdings Limited	100%	Canada	Holding company	605 5th Avenue SW Calgary, Alberta, T2P 3HP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

14 Investments continued

Investment in subsidiaries continued

	Percentage of ordinary shares	Country of incorporation	Activities	Registered address
Murphy Infrastructure Holdings Inc.	100%	Canada	Holding company	605 5th Avenue SW Calgary, Alberta, T2P 3HP
Murphy Infrastructure Inc.	100%	Canada	Holding company	605 5th Avenue SW Calgary, Alberta, T2P 3HP
Murphy Energy Services Holdings Inc.	100%	United States of America	Holding company	850 New Burton Road, Suite 201, City of Dover, Delaware, 19904
Murphy Energy Services LLC	100%	United States of America	Holding company	850 New Burton Road, Suite 201, City of Dover, Delaware, 19904

The directors believe that the carrying value of the investments is supported by their underlying net assets. In cases where they are not, provisions against the investments have been made.

The Company has the following indirectly owned joint ventures:

	Percentage of interest	Country of incorporation	Activities	Registered address
Surerus Murphy Ltd.	50%	Canada	Pipeline industry support operations	400 3rd Avenue Calgary Alberta T2P 4H2
Murphy Asset Services Limited	50%	England	Gas pipeline and electricity power line adoption and operation	Hiview House, Highgate Road, London, NW5 1TN
Murphy GMC Partnership	50%	Republic of Ireland	Pipeline installation	Great Connell, Newbridge, Co Kildare
Optimise Water (LLP)	36%	England	Civil engineering and utilities contracting	Rose Kiln Court Rose Kiln Lane Reading RG2 0BY

	Percentage of interest	Country of incorporation	Activities	Registered address
Surerus Murphy LLC	50%	United States of America	Pipeline industry support operations	850 New Burton Road, Suite 201, City of Dover, Delaware, 19904

On 23 October 2023, Surerus Murphy LLC, a Company jointly owned by Murphy Energy Services LLC and the Surerus Group, acquired all of the shares in WHC LLC and its subsidiary undertakings.

15 Stocks

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials and consumables	1,963	2,204	615	787
Property for resale	837	1,782	-	-
Property for development	5,570	314	282	279
	8,370	4,300	897	1,066

There is no significant difference between the replacement cost of stock and its carrying values.

During 2023, property for resale has been reduced by £1,192,000 (2022: £nil) as a result of write-down to net realisable value. The write-down was recognised as an expense and included in cost of sales during 2023.

During 2023, £nil (2022: £459,000) was transferred from Property for development to Investment properties. Also during the year, £6,303,000 was transferred to Stock, (2022: £nil), being £4,279,000 from Land and Buildings and £2,024,000 from Investment Properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

16 Debtors

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current:				
Trade debtors	24,816	45,451	16,438	24,144
Sales retentions	18,632	31,914	8,436	8,210
Amounts owed by group undertakings	-	-	103,901	72,080
Amounts owed by parent company	5,262	5,092	5,451	5,089
Amounts owed by related parties	3,823	5,382	3,226	3,976
Amounts recoverable on contracts	54,833	124,142	19,111	70,927
Deferred tax asset (Note 20)	8,812	115	4,379	4,092
Corporation tax	-	-	-	304
Other debtors	6,799	10,910	6,662	10,701
Prepayments and accrued income	13,962	4,220	9,527	2,416
	136,939	227,226	177,131	201,939
Non-current:				
Sales retentions	11,124	12,259	6,887	6,050
Amounts owed by group undertakings	-	-	62,298	105,538
Amounts owed by related parties	10,292	-	38,223	-
	158,355	239,485	284,539	313,527

Trade debtors for the Group are stated after provision for impairment of £755,145 (2022: £901,625).

Included in amounts owed by related parties is £1,646,000 (2022: £3,188,000) due from Folgate Estate Limited, £633,000 (2022: £1,300,000) due from HMJV, £10,378,000 from Surerus Murphy LLC group (2022: £nil), £1,458,000 (2022: £894,000) due from other related parties.

17 Cash at bank and in hand

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and cash equivalents in cash flow	270,377	221,875	202,518	151,242
Term deposit with initial maturity more than three months	91,750	70,000	91,750	70,000
Cash at bank and in hand	362,127	291,875	294,268	221,242

Amounts held on term deposit are considered short term and mature within 12 months of the balance sheet date.

18 Creditors: amounts falling due within one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Short term loans	15,036	1,350	-	-
Trade creditors	36,211	34,588	20,622	17,635
Amounts owed to group undertakings	-	-	124,248	108,864
Amounts owed to related parties	-	368	8	58
Finance leases (Note 19)	16,551	13,378	397	484
Corporation tax	16,446	8,375	-	-
Other taxation and social security	35,683	32,470	33,667	33,561
Other creditors	-	3,182	132	3,262
Payments received on account and amounts accrued on contracts	130,345	98,776	63,578	62,377
Accruals and deferred income	274,523	285,170	211,564	212,185
	524,795	477,657	454,216	438,426

Included in accruals and deferred income are £16,212,000 (2022: £16,168,000) of provisions for future contract losses.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

18 Creditors: amounts falling due within one year continued

The short term loans are £15,036,000, £15,000,000 drawdown from the working capital facility in HSBC Bank plc and £36,000 / CAD 59,700 (2022: £1,350,000 / CAD 2,200,000,000) drawdown from the equipment loan, being the Group's share of the balance drawn on the non-revolving equipment loan facility by Surerus Murphy, a 50% joint venture in Canada. The equipment loan bears interest at market rates indexed to the prime lending rate or a fixed rate to be determined at drawdown. It is repayable on demand however, the principal repayments are expected to be repaid as follows: 2024: £36,000. See note 27.

The working capital facility with HSBC Bank plc is a three-year facility, which ended on 31 March 2024, and any amounts drawn were repayable at this date. The obligors for this facility are Murphy Investments (Holdings) Limited, Murphy Investments (Mammoth) Limited and Murphy Investments (Morson Road) Limited and the investment properties held within the obligors are used as security for the facility. See note 27.

19 Creditors: amounts falling due after more than one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Long term loans	-	15,000	-	-
Finance leases	20,801	22,458	376	397
	20,801	37,458	376	397

Finance leases

The future minimum finance lease payments are as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Not later than one year	17,315	14,217	419	497
Later than one year and not later than five years	22,062	23,987	404	416
Total gross payments	39,377	38,204	823	913
Less: finance charges	(2,025)	(2,368)	(50)	(32)
Carrying amount of liability	37,352	35,836	773	881

The group has entered into finance hire purchase leasing arrangements for plant, equipment and vehicles. The average term of the finance leases entered into is 4 years with a mixture of fixed and variable interest rates.

20 Provision for liabilities

Group	£'000
Deferred tax liability	
At 1 January 2023	(29,548)
Deferred tax credited to the Consolidated profit and loss account	9,368
Deferred tax charged to OCI	(716)
Adjustments in respect of previous years	537
At 31 December 2023	(20,359)
Deferred tax asset (Note 16)	8,812
Deferred tax liability	(29,171)
Total net deferred tax liability	(20,359)

Group	2023 £'000	2022 £'000
Tax effect of timing differences because of:		
Fixed assets timing differences	(31,038)	(26,194)
Short term timing differences	7,803	(6,596)
Losses	2,866	2,516
Deferred tax excluding that relating to pension deficit	(20,369)	(30,274)
Deferred tax relating to pension deficit	10	726
Total net deferred tax liability	(20,359)	(29,548)

Company	£'000
Deferred tax asset	
At 1 January 2023	4,092
Deferred credited to profit and loss account	1,003
Deferred tax charged to OCI	(716)
At 31 December 2023	4,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

20 Provision for liabilities continued

Company	2023 £'000	2022 £'000
Tax effect of timing differences because of:		
Fixed assets timing differences	996	795
Short term timing differences	848	55
Losses	2,525	2,516
Deferred tax excluding that relating to pension deficit	4,369	3,366
Deferred tax relating to pension deficit	10	726
Total net deferred tax asset	4,379	4,092

The directors consider the deferred tax assets to be recoverable within three years on the basis of future profit forecasts.

21 Financial assets and liabilities Group

The Group has the following financial assets:

Note	2023 £'000	2022 £'000
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors	16 24,816	45,451
- Retentions (short-term)	16 18,632	31,914
- Retentions (long-term)	16 11,124	12,259
- Amounts owed by parent company	16 5,262	5,092
- Amounts owed by related parties (short-term)	16 3,823	5,382
- Amounts owed by related parties (long-term)	16 10,292	-
- Amount recoverable on contracts	16 54,833	124,142
- Other debtors	16 6,799	10,910
	135,581	235,150

The Group has the following financial liabilities:

Note	2023 £'000	2022 £'000
Financial liabilities measured at amortised cost:		
- Trade creditors	18 36,211	34,588
- Short term loans	18 15,036	1,350
- Amounts owed to related parties	18 -	368
- Other creditors	18 -	3,182
- Payments received on account and amounts accrued on contracts	18 130,345	98,776
- Accruals	18 273,241	283,453
	454,833	421,717

Company

The Company has the following financial assets:

Note	2023 £'000	2022 £'000
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors	16 16,438	24,144
- Retentions (short-term)	16 8,436	8,210
- Retentions (long-term)	16 6,887	6,050
- Amounts owed by group undertakings (short-term)	16 103,901	72,080
- Amounts owed by group undertakings (long-term)	16 62,298	105,538
- Amounts owed by parent company	16 5,451	5,089
- Amounts owed by related party (short-term)	16 3,226	3,976
- Amounts owed by related party (long-term)	16 38,223	-
- Amounts recoverable on contracts	16 19,111	70,927
- Other debtors	16 6,662	10,701
	270,633	306,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

21 Financial assets and liabilities continued Company

The Company has the following financial liabilities:

	Note	2023 £'000	2022 £'000
Financial liabilities measured at amortised cost:			
- Trade creditors	18	20,622	17,635
- Amounts owed to group undertakings	18	124,248	108,864
- Amounts owed to related party	18	8	58
- Other creditors	18	132	3,262
- Payments received on account and amounts accrued on contracts	18	63,578	62,377
- Accruals	18	210,659	211,662
		419,247	403,858

22 Post-employment benefits

The Group's contributions charged to the Consolidated profit and loss account in respect of post-employment benefits are analysed as follows:

	2023 £'000	2022 £'000
Defined Contribution schemes	9,571	8,839

Defined Contribution schemes

The Group operates Defined Contribution schemes in the UK, Ireland and Canada. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £9,571,000 (2022: £8,839,000). Contributions totalling £1,726,000 (2022: £1,492,000) were payable after the year end and are included in creditors.

Defined Benefit pension scheme

The company operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 May 2021 and updated to 31 December 2023 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent full actuarial valuation showed deficit of £15,566,000. Since 31 August 2022, deficit recovery payments of £12,900,000 have been made to 31 December 2023, with an additional payment of £2,900,000 subsequent to year end. This completes the planned deficit recovery payments required by the pension trustees.

These recovery payments, combined with market improvements to pension assets have allowed the Group to insure the remaining liabilities of the defined benefit pension scheme using a 'buy-in' for the plan during February 2024. This secures all of the future benefits for its members with the remaining liabilities are now insured by Just Group. This also removes potential future risks from the Group.

Remeasurement assumptions

For the purpose of FRS 102 (Section 28) "Employee Benefits", the assets of the scheme have been recognised at market value and liabilities have been calculated using the following principal remeasurement assumptions.

	2023	2022	2021
Retail Price Index	3.20%	3.30%	3.50%
Rate of discount	4.80%	5.00%	1.80%
Allowance for pension in payment increases of RPI or 5% pa if less	3.00%	3.10%	3.50%
Allowance for revaluation rate for deferred pensions of CPI or 5% if less	2.80%	2.90%	2.60%
Allowance for commutation of pension requirement	50%	50%	50%

The mortality assumptions adopted at 31 December 2023 imply the following life expectancies:

	2023	2022
Male retiring at age 65	21.7	22.3
Female retiring at age 65	23.6	24.1
Male retiring at age 65 in 20 years	23.0	23.6
Female retiring at age 65 in 20 years	25.1	25.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

22 Post-employment benefits continued**Defined Benefit liability**

The assets in the scheme were:

	Value at 31 December 2023 £'000	Value at 31 December 2022 £'000	Value at 31 December 2021 £'000
Cash and other assets	18,976	5,499	122
Debt instruments	19,101	-	-
Buy-in policies	26,940	28,295	39,610
Diversified growth and Liability Driven Investments	-	23,546	40,858
Total market value of assets	65,017	57,340	80,590
Present value of scheme liabilities	(58,430)	(59,077)	(95,111)
Effect of asset ceiling	(6,587)		
Pension liability	-	(1,737)	(14,521)

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total 2023 £'000	Total 2022 £'000
At 1 January	57,340	(59,077)	(1,737)	(14,521)
Interest income	3,006	-	3,006	1,473
Interest expenses	-	(2,872)	(2,872)	(1,697)
Remeasurement gains / (losses)	(943)	233	(710)	8,833
Employer contributions	8,900	-	8,900	4,175
Benefits paid	(3,286)	3,286	-	-
Effect of asset ceiling	(6,587)	-	(6,587)	-
At 31 December	58,430	(58,430)	-	(1,737)

Total expense recognised in the Consolidated profit and loss account

	2023 £'000	2022 £'000
Analysis of amounts credited / (charged) to profit and loss are as follows:		
Interest income	3,006	1,473
Interest expense	(2,872)	(1,697)
Net income / (expense)	134	(224)

The Group contributed £2,900,000 to its Defined Benefit pension scheme in 2024 (2023: £8,900,000).

Remeasurement loss recognised in the Consolidated Statement of Comprehensive Income

	2023 £'000	2022 £'000
Loss on pension scheme assets	(943)	(27,239)
Loss arising on the plan benefit scheme liabilities	(21)	(471)
Changes in assumptions underlying present value of the plan benefit scheme liabilities	254	36,543
Changes in asset ceiling (excluding interest income)	(6,587)	-
Remeasurement (loss) / profit recognised in the Consolidated statement of Comprehensive Income	(7,297)	8,833

The cumulative amount of remeasurement gains and losses recognised in the Consolidated statement of comprehensive income was a loss of £43,225,000 (2023: loss of £35,928,000).

23 Called up share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
300,000 (2022: 300,000) Ordinary shares of £1 each	300	300
1,950,000 (2022: 1,950,000) 1% Non-cumulative preference shares of £1 each	1,950	1,950
487,500 (2022: 487,500) 1% Non-cumulative second preference shares of 10 pence each	49	49
2,437,500 (2022: 2,437,500) 'A' Ordinary shares of 10 pence each	244	244
	2,543	2,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

23 Called up share capital continued

The rights of the respective classes of shareholder are as follows:

	Dividends	Capital repayments	Voting rights
Ordinary shares of £1 each	1st Pref 1%	1st Pref 1%	1 per share
1% Non-cumulative preference shares of £1 each	2nd Pref 1%	2nd Pref 1%	None
1% Non-cumulative second preference shares of 10 pence each	3rd Pref 1%	3rd Pref 1%	None
'A' Ordinary shares of 10 pence each	Balance	Balance	None

24 Reserves

	Group Profit and loss account £'000	Company Profit and loss account £'000
At 1 January 2023	279,412	122,831
Profit for the financial year	45,946	60,611
Remeasurement loss on pension scheme	(7,297)	(7,297)
Movement on corporation and deferred tax relating to remeasurement gain on pension scheme	293	293
Dividends paid	(16,900)	(16,900)
Currency translation difference	(3,641)	(14)
At 31 December 2023	297,813	159,524

25 Dividends

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Equity - ordinary				
Dividend paid	(16,900)	(9,100)	(16,900)	(9,100)
Dividend received	-	-	59,700	6,500

£16,900,000 of dividends were declared and paid by the Group during the year (2022: £9,100,000).

£16,900,000 of dividends were declared and paid by the Company during the year (2022: £9,100,000) and £59,700,000 of dividends were received by the Company from its subsidiaries during the year (2022: £6,500,000).

26 Cash generated from operating activities

	2023 £'000	2022 £'000
Profit for the financial year	45,946	35,410
Adjustments for:		
Tax on profit	20,890	9,166
Net interest (receivable) / payable	(5,944)	1,114
Profit/(Loss) on exchange - Unrealised	754	(1,752)
Loss on revaluation of investment properties	3,399	623
Share of loss of joint venture, post tax	6,687	1,096
Group operating profit	71,732	45,657
Depreciation of tangible fixed assets	31,906	27,510
Amortisation of intangible fixed assets	2,647	2,981
Amortisation of goodwill	473	466
Amortisation of negative goodwill	(133)	(339)
Profit on disposal of tangible fixed assets	(1,962)	(1,133)
Post-employment benefits cash contributions	(8,900)	(4,175)
Exchange differences on translation of foreign operations	(574)	(1,528)
Working capital movements:		
(Increase) / decrease in stocks	(4,070)	2,045
Decrease / (increase) in trade debtors and other receivables	84,189	(59,686)
Increase in trade creditors and other payables	16,010	101,935
Cash generated from operating activities	191,318	113,733

Balance of cash at bank includes restricted cash of £7,150,000 (2022: £8,140,000), amounts placed on term deposit £91,750,000 (2022: £70,000,000), as well as restricted cash of £39,600,000 (2022: £26,580,000) relating to joint operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

27 Contingent liabilities

The Murphy Investments Holdings Limited, Murphy Investments (Mammoth) Limited and Murphy Investments (Morson Road) Limited had provided a guarantee to HSBC Bank plc who provided them, with a working capital facility. This facility has now been repaid and the guarantees are no longer in place.

A charge in favour of HSBC Bank plc in respect of the RCF existed over certain of the Group's investment properties, this charge was released following the repayment of the facility in March 2024.

The Company's bankers hold composite guarantees for the banking facilities of certain subsidiary companies for which no provision has been made in the financial statements.

Murphy Group Canada Limited has provided general security agreements and guarantees for credit facilities entered into by Surerus Murphy, a 50% joint venture in Canada. The aggregate amount available under the credit facilities is £21,660,000 (CAD36,400,000), comprising a revolving credit facility of £21,060,000 (CAD35,400,000) which was undrawn at 31 December 2023 and a non-revolving equipment loan facility of £590,000 (CAD1,000,000) which was undrawn at 31 December 2023. The company maintains an additional on demand non-revolving standby equity facility in amount of £5,950,000 (CAD 10,000,000) which was drawn down by £36,000 (CAD 60,000) at 31 December 2023 (see Note 18).

There are contingent liabilities in respect of guarantees, agreements related to construction and other agreements entered into in the ordinary course of business for which no provision has been made in the financial statements because no material losses are anticipated.

In order to cover contingent liabilities under insurance arrangements, the Company has placed £1,750,000 (2022: £1,750,000) in separate bank accounts with the Company's bankers. In the event of the Company's insolvency the funds will be used to meet insurance claims.

There are claims arising in the normal course of trading, which are in the process of settlement and in some cases, may involve litigation. Provision has been made in these financial statements for all amounts which the directors consider will become payable on account of such claims.

The Company has issued letters of support to certain wholly owned subsidiary companies, to ensure they are able to meet their liabilities as they fall due, for a period of twelve months from the date each subsidiary approves its 31 December 2023 financial statements.

The Company is providing certain wholly owned UK subsidiaries with guarantees of their respective debts as disclosed in note 31.

The Company is aware of ongoing, external events in respect of the assessment of member benefits under defined benefit pension schemes, which may crystallise into case law that could affect the Company's scheme in future years. The Company is currently consulting with its advisers as to the applicability of these matters but at this stage is unable to make a reliable estimate of the likelihood of any potential liability which may arise.

28 Capital commitments

At 31 December the Group had capital commitments as follows:	2023 £'000	2022 £'000
Tangible assets contracted for but not provided	3,034	10,396

29 Operating lease commitments

Operating lease agreements where the Group is a lessee

At 31 December, total minimum lease payments under non-cancellable operating leases are as follows:

Group	2023 £'000	2022 £'000
Within one year	10,061	6,416
Between two and five years	26,208	18,751
After more than five years	112	1,816
	36,381	26,983

Company	2023 £'000	2022 £'000
Within one year	5,285	3,283
Between two and five years	17,099	12,930
After more than five years	-	1,539
	22,384	17,752

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

29 Operating lease commitments continued**Operating lease agreements where the Group is a lessor**

The Group rents out certain properties to third parties under operating leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

Group	2023 £'000	2022 £'000
Within one year	5,422	3,747
Between two and five years	12,607	7,202
After more than five years	30,846	23,271
	48,875	34,220

There were no contingent rents recognised by the Group as revenue during the year (2022: £nil).

Company	2023 £'000	2022 £'000
Within one year	3,458	2,068
Between two and five years	7,163	1,717
After more than five years	8,048	161
	18,669	3,946

There were no contingent rents recognised by the Company as revenue during the year (2022: £nil).

30 Related party transactions
Group

The Group holds participatory interests in a number of joint operations. The Group's share of the joint operation turnover in the Group financial statements is as follows:

Joint operation name	Share	2023 Turnover £'000	2022 Turnover £'000
Advance Plus	50.00%	68,953	64,782
Agility	50.00%	15,965	67,405
LMJV	50.00%	4,146	41,729
HMJV	50.00%	51,892	73,864
Murphy Carey JV	50.00%	1,202	2,035
Surerus Murphy JV	50.00%	359,037	441,514
Total		501,195	691,329

The Group is related to the Folgate Holdings Limited Group ("Folgate") through a common ultimate parent undertaking.

The amounts owed by and to the related companies at 31 December 2023 and 31 December 2022 are shown in notes 16 and 18.

During the year, rents of £4,348,000 (2022: £2,317,000) were charged to the Group in respect of property owned by Folgate. Property development work of £221,000 (2022: £492,000) was carried out on the Folgate properties and invoiced by the Group to Folgate. Management charges of £1,309,000 (2022: £606,000) were charged to Folgate. Charges for other services provided to Folgate totalled £25,000 (2022: £nil). In addition, the Group utilised £nil (2022: £5,750,294) of tax losses to Folgate.

The Group has a related party relationship with its jointly controlled entities, the Murphy Assets Services Limited Group ("MASL") and Surerus Murphy LLC Group ("SMUS").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 CONTINUED

30 Related party transactions continued

During the year, MASL purchased connection assets from the Group totalling £11,237,342 (2022: £2,631,641). Management charges of £2,210,669 (2022: £1,200,447) were charged to MASL by the Company. Charges for other services provided to MASL totalled £152,100 (2022: £nil). In addition, MASL recharged costs totalling £48,789 (2022: £4,967) to the Group.

During the year, the Group granted loan of £44,132,845 (2022: £nil) to SMUS. During the year professional and legal costs totalling £2,114,135 (2022: £nil) were recharged to SMUS.

During the year, the Group was charged lease rental costs of €42,000 (2022: €75,000) by Ballyfarm Limited, a related party via a director. At 31 December 2022 £nil (2022: £nil) was owed to Ballyfarm Limited by the Group.

Key management compensation

See note 6 for disclosure of the key management compensation.

Company

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

31 Audit exemption provided to certain UK Group subsidiaries

The Company is providing certain wholly owned UK subsidiaries (as disclosed in note 14 and which are included within these Group consolidated financial statements) with guarantees of their respective debts in the form prescribed by Section 479C of the Companies Act 2006 ('the Act') such that they can claim exemption from requiring an audit in accordance with Section 479A of the Act. These guarantees cover all of the outstanding actual and contingent liabilities of these companies at 31 December 2023:

Subsidiary	Company number
J Murphy & Sons (Delancey Street) Limited	09263875
J Murphy & Sons (Ireland Holdings) Limited	11273396
Murphy Asset Services Holdings Limited	12004514
Murphy Group Investments Limited	11123319
J. Murphy & Sons (North America Holdings) Limited	00861600

32 Consolidated analysis of changes in net debt

	Notes	1 January 2023 £'000	Transfer £'000	Term deposits matured during the year	Cashflow £'000	New finance leases £'000	31 December 2023 £'000
Cash at bank and in hand		221,875	-	70,000	(21,498)	-	270,377
Bank loans	18	(1,350)	(15,000)	-	1,314	-	(15,036)
Debt due within 1 year		(1,350)	(15,000)	-	1,314	-	(15,036)
Bank loans	19	(15,000)	15,000	-	-	-	-
Debt due after 1 year		(15,000)	15,000	-	-	-	-
Obligations under finance leases	18 & 19	(35,835)	-	-	15,437	(16,954)	(37,352)
Total net debt		169,690	-	70,000	(4,747)	(16,954)	217,989

33 Post balance sheet events

In February 2024, the Company declared and paid an interim dividend of £8.8m in respect of 2023.

In April 2024, the Group entered into a £25m committed credit facility with Lombard, a subsidiary of the NatWest Group plc. This 3 year facility will help to ensure the Group can continue to invest in new plant in the UK.

34 Controlling party

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

J. Murphy & Sons Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2023. These consolidated financial statements can be obtained from Hiview House, Highgate Road, London NW5 1TN.

Drilton Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2023. The consolidated financial statements of Drilton Limited are available from Hiview House, Highgate Road, London NW5 1TN.