

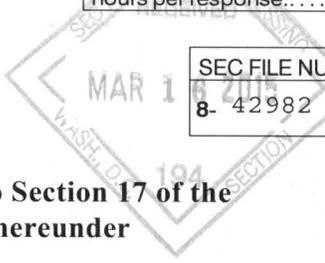
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8- 42982

**FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Wm. H. Murphy & Co., Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
770 South Post Oak Lane, Suite 690

OFFICIAL USE ONLY
FIRM I.D. NO.

Houston TX 77056
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
William H. Murphy (713) 965-9494
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Phillip V. George, PLLC
(Name - if individual, state last, first, middle name)
1842 FM 1566 Celeste TX 75423
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

M4/20

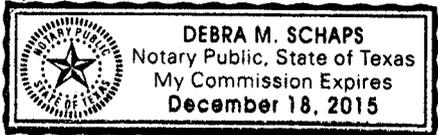
OATH OR AFFIRMATION

I, William H. Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wm. H. Murphy & Co., Inc., as of December 31, 20 14, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

William H. Murphy
Signature

William H. Murphy, CCO
Title

Debra M Schaps
Notary Public



This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Wm. H. Murphy & Co., Inc.

We have audited the accompanying consolidated statement of financial condition of Wm. H. Murphy & Co., Inc. and Subsidiaries (a Texas limited liability company) as of December 31, 2014, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Wm. H. Murphy & Co., Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wm. H. Murphy & Co., Inc. and Subsidiaries as of December 31, 2014, and the results of its consolidated operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The supplemental information contained in Schedule I has been subjected to audit procedures performed in conjunction with the audit of Wm. H. Murphy & Co., Inc. and Subsidiaries' consolidated financial statements. The supplemental information is the responsibility of Wm. H. Murphy & Co., Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.


PHILLIP V. GEORGE, PLLC

Celeste, Texas
March 12, 2015

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Consolidated Statement of Financial Condition
December 31, 2014

ASSETS

Cash	\$ 14,035
Commissions receivable from clearing/broker dealer	651
Advance to shareholder	45,000
Other receivables	155
Securities owned	18,759
Prepaid expenses	5,276
Clearing deposit	8,000
TOTAL ASSETS	<u>\$ 91,876</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable	\$ 4,976
Deferred revenue-expense reimbursement	15,000
TOTAL LIABILITIES	<u>19,976</u>

Stockholder's Equity

Common stock, \$1 par value, 1,000,000 shares authorized, 8,000 shares issued and outstanding	8,000
Additional paid-in capital	809,524
Accumulated deficit	<u>(745,624)</u>
Total Stockholder's Equity	<u>71,900</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 91,876</u>
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See notes to consolidated financial statements.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Consolidated Statement of Operations
Year Ended December 31, 2014

Revenue

Investment banking	\$ 685,056
Expense reimbursements	23,866
Securities commissions	15,638
Other revenue	1,345
TOTAL REVENUE	<u>725,905</u>

Expenses

Bad debt expense-related party	591,356
Investment banking-non securities related fees	500,000
Bad debt expense	72,810
Professional fees	35,740
Occupancy and equipment	32,095
Regulatory fees and expenses	6,614
Clearing and other charges	6,011
Communications	5,242
Other expenses	31,338
TOTAL EXPENSES	<u>1,281,206</u>

Net loss before other gain (555,301)

Other Gain

Unrealized gain on securities owned 1,578

NET LOSS \$ (553,723)

See notes to consolidated financial statements.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholder's Equity
Year Ended December 31, 2014

	<u>Common Shares</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balances at December 31, 2013	8,000	\$ 8,000	\$772,524	\$ (161,201)	\$ 619,323
Additional paid-in capital contributed	-	-	37,000	-	37,000
Distribution to shareholder	-	-	-	(30,700)	(30,700)
Net loss	-	-	-	(553,723)	(553,723)
Balances at December 31, 2014	<u>8,000</u>	<u>\$ 8,000</u>	<u>\$809,524</u>	<u>\$ (745,624)</u>	<u>\$ 71,900</u>

See notes to consolidated financial statements.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

Cash flows from operating activities:

Net loss	\$ (553,723)
Adjustments to reconcile net loss to net cash used in operating activities:	
Bad debt expense	72,810
Bad debt expense-related party	591,356
Unrealized gain on securities owned	(1,578)
Depreciation	1,000
Changes in assets and liabilities	
Decrease commissions receivable from clearing broker/dealer	9
Increase in other receivables	(33,994)
Increase in advance to shareholder	(37,000)
Increase in advances to related parties	(77,850)
Decrease in prepaid expenses	441
Increase in accounts payable	288
Decrease in deferred revenue-expense reimbursements	<u>(3,750)</u>
Net cash used in operating activities	<u>(41,991)</u>

Cash flows from financing activities:

Additional paid-in capital contributed	37,000
Distributions to shareholder	<u>(30,700)</u>
Net cash provided by financing activities	<u>6,300</u>
Net decrease in cash	(35,691)
Cash at beginning of year	<u>49,726</u>
Cash at end of year	<u>\$ 14,035</u>

Supplemental Disclosures of Cash Flow Information:

There was no cash paid during the year for interest or income taxes.

See notes to consolidated financial statements.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business:

Wm. H. Murphy & Co., Inc., (Murphy & Co.), was organized in the state of Texas in 1990. Murphy & Co. is registered as a broker/dealer with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). Murphy & Co.'s customers are primarily individuals and corporations located throughout the United States. In addition to functioning as a general securities broker-dealer the Company operates as (a) an advisor providing transaction structuring and assistance to early stage and growth stage entities, and (b) an advisor for mergers and acquisitions.

Wm. H. Murphy & Co., Inc. and subsidiaries (Company) consolidated financial statements include the accounts of Murphy Ventures I, LLC, a Delaware limited liability company organized in February 2011 (MV I), Murphy Ventures II, LLC, a Delaware limited liability company organized in June 2011 (MV II), Murphy Ventures III, LLC, a Delaware limited liability company organized in October 2011 (MV III), Murphy Ventures IV, LLC, a Delaware limited liability company organized in October 2013 (MV IV), and Murphy Ventures V, LLC, a Delaware limited liability company organized in June 2014 (MV V). MV I, MV II, MV III, MV IV, and MV V are collectively referred to as Venture Entities.

Murphy & Co. operates pursuant to section (k)(2)(ii) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. Murphy & Co. does not hold customer funds or securities, but as an introducing broker or dealer, will clear all transactions on behalf of customers on a fully disclosed basis through a clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

Significant Accounting Policies:

Principles of Consolidation

The accompanying consolidated financial statements include Murphy & Co. and its subsidiaries. Murphy & Co. consolidates all majority-owned and controlled subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Securities owned are held for investment purposes and are recorded at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*.

Substantially all of the Company's other financial asset and liability amounts reported in the statement of financial condition are short-term in nature and approximate fair value

Securities owned

Securities owned are held for investment purposes and are recorded at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. The increase or decrease in fair value is credited or charged to operations.

Derivatives

The Company uses derivatives to manage risks related to interest rate movements. Unrealized gains or losses, if any, on these derivatives are recorded currently in the statement of operations as investment banking revenue. The Company documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. The Company does not apply hedge accounting under ASC 815 *Derivatives and Hedging* as all financial instruments, including derivative financial instruments, are marked to market with changes in fair values reflected in earnings. Therefore, certain of the disclosures required under ASC 815 are generally not applicable with respect to these financial instruments. There were no realized or unrealized gains or losses on derivatives during 2014.

The Company has entered into various transactions involving derivatives and other off-balance sheet financial instruments. These derivative financial instruments are used to manage the interest rate risk of the Venture Entities. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 1 - Nature of Business and Summary of Significant Accounting Policies Continued

Revenue Recognition

Investment banking revenues are recorded at the time a transaction is completed and the related income is reasonably determinable. Investment banking revenues include consulting fees earned in connection with Venture Entities and private placement fees.

Security transactions and the related commission revenue and expense are recorded on a trade date basis.

Income Taxes

The Company files a consolidated federal tax return.

The Company is also subject to state income taxes.

As of December 31, 2014, open Federal tax years subject to examination include the tax years ended December 31, 2011 through December 31, 2013.

Note 2 - Transactions with Clearing Broker Dealer

The agreement with the clearing broker/dealer provides for clearing charges at a fixed rate multiplied by the number of tickets traded by the Company. The agreement also requires the Company to maintain a minimum of \$8,000 as a deposit in an account with the clearing broker/dealer.

Note 3 - Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2014, the Company had net capital of \$17,222, which was \$12,222 in excess of its net capital requirement of \$5,000. The Company's net capital ratio was 1.16 to 1.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 4 - Fair Value / Securities Owned

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3) the three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for individual assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the lever 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair vale measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Common Stock: Securities which are traded on securities exchanges are valued at the last sale price on the exchange on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any reported sales, at the mean between the last available bid and asked price.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 4 - Fair Value / Securities Owned (continued)

The following table summarized the Valuation of the company's investments by the fair value hierarchy levels as of December 31, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 18,759	\$ -	\$ -	\$ 18,759

Securities owned consist of holdings of one common stock. Cost and fair value of securities owned at December 31, 2014, are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Common stock	\$ 826	\$ 17,933	\$ -	\$ 18,759

Transfers between levels are recognized at the end of the reporting period. During 2014, the Company recognized no transfers to/from level 1 and level 2. There were no level 3 investments held by the Company during 2014.

Note 5 - Investment Transactions

MV I, MV II, MV III, MV IV, and MV V, entered into various agreements with five unrelated third parties to provide interest-rate hedges on behalf of the third parties. These agreements consist of long-term forward contracts, funding loans, and interest rate caps.

MV I

In February 2011, MV I entered into a forward contract with an unrelated third party, which was funded in part by the issuance of a loan in the amount of \$20,000,000. Repayment of the loan will consist of ten annual payments of \$2,590,091, including interest at a rate of 5%, through February 2021. At December 31, 2014 the loan balance is \$15,613,415.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 5 - Investment Transactions (continued)

The holder of the forward contract has the right and obligation to receive an annual payment of a face amount of certain bonds, the amount of which will be determined based on future interest rates, in exchange for a payment of a fixed strike price. Each such face amount of bonds has a strike price of \$1,649,909 and a notional amount of \$4,000,000.

MV I has an interest rate cap agreement with an international financial services group. The agreement provides payments to MV I in the event of a rise in interest rates over the term of the forward contract. The interest rate cap agreement provides MV I with the exact difference in cash flow between the forward contract it holds as a liability, and the funding loan it holds as an asset; therefore, MV I holds a completely hedged net position.

The net value of these instruments is accounted for as a single item, rather than as separate assets and liabilities as the forward contract and the interest rate cap have been determined to be a hedge of the loan. At December 31, 2014, the net present value of the future cash flows of these instruments and the market value netted to zero; therefore, there are no related assets or liabilities shown in the accompanying consolidated statement of financial condition.

MV II

In June 2011, MV II entered into a forward contract with an unrelated third party, which was funded in part by the issuance of a loan in the amount of \$36,000,000. Repayment of the loan will consist of nine annual payments of \$1,880,000, including interest at a rate of 5%, and one final annual payment of all outstanding and unpaid interest and principal on June 30, 2021. At December 31, 2014 the loan balance is \$36,639,047.

The holder of the forward contract has the right and obligation to receive an annual payment of a face amount of certain bonds, the amount of which will be determined based on future interest rates, in exchange for a payment of a fixed strike price. Each such face amount of bonds has a strike price of \$2,360,000 for the initial nine bond deliveries, and the tenth bond delivery has a strike price of \$3,366,230. All ten bond deliveries have a notional amount of \$4,000,000.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 5 - Investment Transactions (continued)

MV II has an interest rate cap agreement with an international financial services group. The agreement provides payments to MV II in the event of a rise in interest rates over the term of the forward contract. The interest rate cap agreement provides MV II with the exact difference in cash flow between the forward contract it holds as a liability, and the funding loan it holds as an asset; therefore, MV II holds a completely hedged net position.

The net value of these instruments is accounted for as a single item, rather than as separate assets and liabilities as the forward contract and the interest rate cap have been determined to be a hedge of the loan. At December 31, 2014, the net present value of the future cash flows of these instruments and the market value netted to zero; therefore, there are no related assets or liabilities shown in the accompanying consolidated statement of financial condition.

MV III

In November 2011, MV III entered into a forward contract with an unrelated third party, which was funded in part by the issuance of a loan in the amount of \$31,250,000. Repayment of the loan will consist of nine annual payments of \$1,600,000, including interest at a rate of 4.8%, and one final annual payment of all outstanding and unpaid interest and principal on November 22, 2021. At December 31, 2014 the loan balance is \$31,094,030.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 5 - Investment Transactions (continued)

The holder of the forward contract has the right and obligation to receive an annual payment of a face amount of certain bonds, the amount of which will be determined based on future interest rates, in exchange for a payment of a fixed strike price. Each such face amount of bonds has strike prices and notional amounts as follows:

Forward Contract Year End	Notional Amount	Strike Price
1	\$ 2,000,000	\$ 520,000
2	2,300,000	838,000
3	2,600,000	1,156,000
4	3,200,000	1,792,000
5	3,800,000	2,428,000
6	4,400,000	3,064,000
7	5,100,000	3,806,000
8	5,800,000	4,664,000
9	6,500,000	5,420,000
10	7,200,000	4,972,110

MV III has an interest rate cap agreement with an international financial services group. The agreement provides payments to MV III in the event of a rise in interest rates over the term of the forward contract. The interest rate cap agreement provides MV III with the exact difference in cash flow between the forward contract it holds as a liability, and the funding loan it holds as an asset; therefore, MV III holds a completely hedged net position.

The net value of these instruments is accounted for as a single item, rather than as separate assets and liabilities as the forward contract and the interest rate cap have been determined to be a hedge of the loan. At December 31, 2014, the net present value of the future cash flows of these instruments and the market value netted to zero; therefore, there are no related assets or liabilities shown in the accompanying consolidated statement of financial condition.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 5 - Investment Transactions (continued)

MV IV

In November 2013, MV IV entered into a forward contract with an unrelated third party, which was funded in part by the issuance of a loan in the amount of \$97,565,250. Repayment of the loan will consist of nine annual payments of \$5,125,000, including interest at a rate of 5.12%, and one final annual payment of all outstanding and unpaid interest and principal on November 2, 2022. At December 31, 2014 the loan balance is \$98,205,947.

The holder of the forward contract has the right and obligation to receive an annual payment of a face amount of certain bonds, the amount of which will be determined based on future interest rates, in exchange for a payment of a fixed strike price. Each such face amount of bonds has strike prices and notional amounts as follows:

Forward Contract	Notional	Strike
<u>Year End</u>	<u>Amount</u>	<u>Price</u>
1	\$ 10,000,000	\$ 5,365,000
2	10,000,000	5,365,000
3	15,000,000	10,610,000
4	15,000,000	10,610,000
5	20,000,000	15,855,000
6	20,000,000	15,855,000
7	25,000,000	21,100,000
8	25,000,000	21,100,000
9	30,000,000	26,345,000
10	30,000,000	20,269,821

MV IV has an interest rate cap agreement with an international financial services group. The agreement provides payments to MV IV in the event of a rise in interest rates over the term of the forward contract. The interest rate cap agreement provides MV IV with the exact difference in cash flow between the forward contract it holds as a liability, and the funding loan it holds as an asset; therefore, MV IV holds a completely hedged net position.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 5 - Investment Transactions (continued)

The net value of these instruments is accounted for as a single item, rather than as separate assets and liabilities as the forward contract and the interest rate cap have been determined to be a hedge of the loan. At December 31, 2014, the net present value of the future cash flows of these instruments and the market value netted to zero; therefore, there are no related assets or liabilities shown in the accompanying consolidated statement of financial condition.

MV V

In June 2014, MV V entered into a forward contract with an unrelated third party, which was funded in part by the issuance of a loan in the amount of \$37,500,000. Repayment of the loan will consist of nine annual payments of \$1,995,000, including interest at a rate of 5.2%, and one final annual payment of all outstanding and unpaid interest and principal on May 28, 2024. At December 31, 2014 the loan balance is \$38,664,658.

The holder of the forward contract has the right and obligation to receive an annual payment of a face amount of certain bonds, the amount of which will be determined based on future interest rates, in exchange for a payment of a fixed strike price. Each such face amount of bonds has a strike price of \$5,775,000 for the initial nine bond deliveries, and the tenth bond delivery has a strike price of \$5,846,317. All ten bond deliveries have a notional amount of \$7,400,000.

MV V has an interest rate cap agreement with an international financial services group. The agreement provides payments to MV V in the event of a rise in interest rates over the term of the forward contract. The interest rate cap agreement provides MV V with the exact difference in cash flow between the forward contract it holds as a liability, and the funding loan it holds as an asset; therefore, MV V holds a completely hedged net position.

The net value of these instruments is accounted for as a single item, rather than as separate assets and liabilities as the forward contract and the interest rate cap have been determined to be a hedge of the loan. At December 31, 2014, the net present value of the future cash flows of these instruments and the market value netted to zero; therefore, there are no related assets or liabilities shown in the accompanying consolidated statement of financial condition.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 6 - Income Taxes

The Company's has a current year tax loss; therefore, there is no provision for current federal income taxes. The Company has a federal net operating loss carry forward of approximately \$1,060,000 available to offset future taxable income, which begins expiring in 2017. The Company has cumulative unrealized gains on securities owned of approximately \$18,000 and future taxable income due to amortization of deferred revenue for federal income tax purposes of approximately \$480,000. The net operating loss carryforward, net of the cumulative unrealized gains on securities and future taxable income due to amortization of deferred revenue for federal income tax purposes creates a deferred tax asset of approximately \$85,000; however, the entire amount has been fully reserved with a valuation allowance, therefore, there is no deferred tax asset recognized in the accompanying consolidated statement of financial condition.

Note 7 - Office Lease

The Company leases office space under a noncancelable operating lease through December 2015. A portion of the leased space is subleased to two unrelated parties under month-to-month leases. The Company's lease expense is offset by payments due under the subleases. Office rent expense for the year totaled \$52,096, and rental income under the subleases for the year totaled \$23,682. These amounts are reflected in the accompanying consolidated statement of operations as occupancy and equipment costs.

Note 8 - Off-Balance-Sheet Risk and Concentration of Credit Risk

As discussed in Note 1, the Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 8 - Off-Balance-Sheet Risk and Concentration of Credit Risk (continued)

At December 31, 2014, the Company has \$27,409 or approximately 30%, of its total assets in commission receivable, securities owned and a clearing deposit held by or due from its clearing broker/dealer.

At December 31, 2014, the company has an advance due from the sole shareholder totaling \$45,000, or 49% of its total assets.

Note 9 - Concentration of Revenue

The Company earned \$650,000, or approximately 90% of its total revenue, from one customer as a result of one transaction during the year.

Note 10 - Contingencies

The nature of the Company's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. In November 2014, FINRA's Department of Enforcement initiated a disciplinary proceeding against the Company related to its activities as a broker/dealer in securities. While the ultimate outcome of this disciplinary proceeding is not presently determinable, it is the opinion of management that the resolution will not have a material adverse effect on the financial position or results of operations of the Company. The motion to dismiss has been denied and both parties are exchanging relevant documents. A hearing date has been set for the week of November 6, 2015

Note 11 - Related Party Transactions

At December 31, 2014 the Company has an advance due from the sole shareholder totaling \$45,000. The advance is non interest bearing and due on demand.

During 2014, the Company wrote off \$591,356 in advances due from related parties.

WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014

Note 12 - Consolidated Subsidiaries

The following is a summary of certain financial information of the Company and its consolidated subsidiaries:

	<u>Subsidiaries</u>							<u>Total</u>
	<u>Murphy & Co.</u>	<u>MV I</u>	<u>MV II</u>	<u>MV III</u>	<u>MV IV</u>	<u>MV V</u>	<u>Eliminations</u>	
Total Assets	\$ 46,554	\$ 45,101	\$ 148,217	\$ 35,042	\$ 50,900	\$ 150,000	\$(383,938)	\$ 91,876
Total Liabilities	19,976	383,938	-	-	-	-	(383,938)	19,976
Total Equity	26,578	(338,837)	148,217	35,042	50,900	150,000	-	71,900
Total Revenue	75,905	-	-	-	-	650,000	-	725,905
Net Income (Loss)	(70,597)	(418,354)	(1,236)	(114,436)	(99,100)	150,000	-	(553,723)

The accounts of the subsidiaries are not included in the computation of the Company's net capital.

Note 13 - Subsequent Events

Management has evaluated the Company's events and transactions that occurred subsequent to December 31, 2014, through March 12, 2015, the date which the consolidated financial statements were available to be issued.

Schedule I
WM. H. MURPHY & CO., INC. AND SUBSIDIARIES
Supplemental Information
Pursuant to Rule 17a-5
December 31, 2014

Computation of Net Capital

Total consolidated stockholder's equity	\$ 71,900
Deduct stockholder's equity not allowable for net capital	<u>(322)</u>
Total stockholder's equity qualified for net capital	<u>71,578</u>
Deductions and/or charges	
Non-allowable assets:	
Advance to shareholder	45,000
Other receivables	155
Prepaid expenses	<u>5,276</u>
Total deductions and/or charges	<u>50,431</u>
Net capital before haircuts on securities	<u>21,147</u>
Haircuts on securities:	
Securities owned	2,814
Undue concentration	<u>1,111</u>
Total haircuts on securities	<u>3,925</u>
Net Capital	<u>\$ 17,222</u>
Aggregate indebtedness	
Accounts payable	4,976
Deferred revenue-expense reimbursement	<u>15,000</u>
Total Aggregate indebtedness	<u>\$ 19,976</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<u>\$ 5,000</u>
Net capital in excess of minimum requirement	<u>\$ 12,222</u>
Ratio of aggregate indebtedness to net capital	<u>1.16 to 1</u>

Reconciliation of Computation of Net Capital

The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2014 as filed by Wm. H. Murphy & Co., Inc. on Form X-17a-5. Accordingly, no reconciliation is deemed necessary.

Statement Regarding Changes in Liabilities Subordinated to Claims of General Creditors

No statement is required as no subordinated liabilities existed at any time during the year.

Statement Regarding the Reserve Requirements and Possession or Control Requirements

Murphy & Co. operates pursuant to section (k)(2)(ii) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, in which all customer transactions are cleared on a fully disclosed basis through a clearing broker/dealer. Under these exemptive provisions, the Computation of Determination of the Reserve Requirements and Information Relating to the Possession or Control Requirements are not required.

Statement Regarding SIPC Supplemental Report

The Company is exempt from the filing of the SIPC Supplemental Report as net operating revenues are less than \$500,000.

See accompanying report of independent registered public accounting firm.

PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Wm. H. Murphy & Co., Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Wm. H. Murphy & Co., Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Wm. H. Murphy & Co., Inc. claimed an exemption from 17 C.F.R. §240.15c3-3:(2)(ii) (the "exemption provisions") and (2) Wm. H. Murphy & Co., Inc. stated that Wm. H. Murphy & Co., Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Wm. H. Murphy & Co., Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Wm. H. Murphy & Co., Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.



PHILLIP V. GEORGE, PLLC

Celeste, Texas
March 12, 2015

Wm. H. Murphy & Co., Inc.
INVESTMENT BANKERS

770 S. POST OAK LANE, SUITE 690
HOUSTON, TEXAS 77056
OFFICE: (713) 965-9494 FACSIMILE: (713) 965-9497

Wm. H. Murphy & Co., Inc. Exemption Report

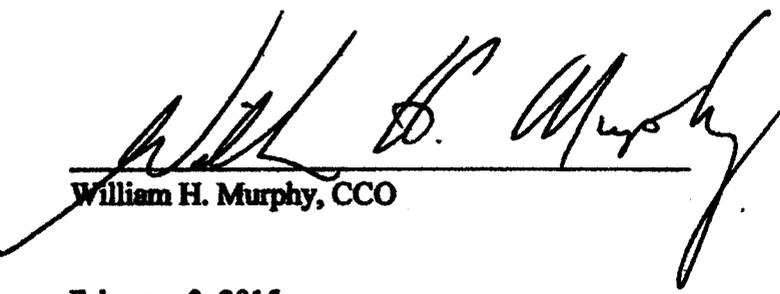
Wm. H. Murphy & Co., Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(ii).**

- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(ii) throughout the most recent fiscal year without exception.**

Wm. H. Murphy & Co., Inc.

I, William H. Murphy, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.



William H. Murphy, CCO

February 3, 2015