

Company Registration No. 1154019

Microlease Plc

Annual Report and Financial Statements

For the Year ended 28 February 2009

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Microlease Plc

Annual report and financial statements For the year ended 28 February 2009

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Microlease Plc

Annual report and financial statements

Officers and professional advisers

Directors

N P Brown
W P Colley
P J McCloskey
P A Smith

Secretary

P A Smith

Registered office

Forbes House
Whitefriars Estate
Tudor Road
Harrow
Middlesex
HA3 5SS

Bankers

The Royal Bank of Scotland plc
152 Silbury Boulevard
Milton Keynes
MK9 1LT

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
1 Embankment Place
London WC2N 6RH

Microlease Plc

Directors' report For the year ended 28 February 2009

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2009.

Principal activities

The principal activity of the group is the rental and sale of electronic test and measurement equipment.

Review of the business and future prospects

The group has had another year of profitable growth through the development of new revenue streams to supplement the existing business. The directors consider that it is well placed to exploit market developments in the coming years.

Results and dividends

The results of the group for the year are set out in detail on page 6. The profit after tax for the year was £3,215,000 (2008 - £3,599,000). The directors do not propose a final dividend (2008 - £ nil)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the group, which include those of the company, are discussed in the directors' report of the consolidated financial statements of Test Equipment Asset Management Limited which does not form part of this report.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the company.

Microlease Plc

Directors' report (continued) For the year ended 28 February 2009

Directors

The directors who have served throughout the year, and up to the date of signing the financial statements are as follows:

N P Brown
W P Colley
P J McCloskey
P A Smith

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The company seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. At the year end, 49% (2008: 41%) of debt was repayable within one year. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest. The company does not have a specific policy for interest rate hedging but the directors review the appropriateness of this stance and will look to formalise a policy should the company's operations change in size or nature.

Creditor payment policy

It is the group's policy to pay all creditors by the due date taking prompt payment discounts where offered. Trade creditors at 28 February 2009 represented 47 days of annual purchases (2008: 40 days).

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

Microlease Plc

Directors' report (continued) For the year ended 28 February 2009

Statement of disclosure of information to auditors (continued)

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

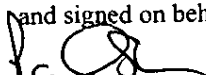
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


P A Smith
Secretary

22.5.2009

Independent auditors' report to the members of Microlease plc

We have audited the group and parent company financial statements of Microlease plc for the year ended 28 February 2009 which comprises the Group Profit and Loss Account, the Group and Company Balance Sheets, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 28 February 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 May 2009

Microlease Plc

Consolidated profit and loss account For the year ended 28 February 2009

	Notes	2009 £'000	2008 £'000
Turnover	1, 2	22,687	20,041
Cost of sales		(12,277)	(10,524)
Gross profit		10,410	9,517
Administrative expenses		(5,283)	(5,321)
Operating profit	3	5,127	4,196
Interest receivable and similar income	6	15	13
Interest payable and similar charges	7	(1,242)	(1,360)
Profit on ordinary activities before taxation		3,900	2,849
Tax (charge)/credit on profit on ordinary activities	8,16	(685)	750
Profit for the financial year	18	3,215	3,599

All amounts derive from continuing operations.

A reconciliation of movements in consolidated shareholders' funds/(deficit) is shown in note 19 to the financial statements.

There is no material difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

There were no recognised gains or losses for the current financial year and preceding financial year except the profit for the financial years. Accordingly, no statement of total recognised gains and losses has been prepared.

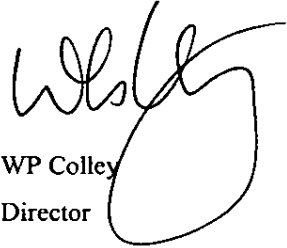
Microlease Plc


Consolidated balance sheet As at 28 February 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	9	21,096	15,222
Current assets			
Stocks	11	211	154
Debtors	12	6,677	7,629
Cash at bank and in hand		2,139	183
		9,027	7,966
Creditors: amounts falling due within one year	13	(19,577)	(13,831)
Net current liabilities		(10,550)	(5,865)
Total assets less current liabilities		10,546	9,357
Creditors: amounts falling due after more than one year	14	(7,635)	(9,661)
Net assets/(liabilities)		2,911	(304)
Capital and reserves			
Called up share capital	17	340	340
Share premium account	18	250	250
Other reserve	18	-	-
Profit and loss account	18	2,321	(894)
Total shareholders' funds/(deficit)	19	2,911	(304)

These financial statements on pages 6 to 19 were approved by the Board of Directors on 22.5.2009.

Signed on behalf of the Board of Directors


WP Colley
Director


P Smith
Director

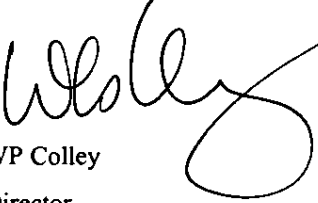
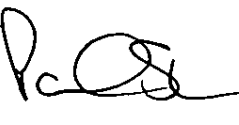
Microlease Plc

Company balance sheet As at 28 February 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	9	21,096	15,222
Investments	10	1	1
		<u>21,097</u>	<u>15,223</u>
Current assets			
Stocks	11	211	154
Debtors	12	6,680	7,879
Cash at bank and in hand		871	-
		<u>7,762</u>	<u>8,033</u>
Creditors: amounts falling due within one year	13	<u>(19,332)</u>	<u>(14,896)</u>
Net current liabilities		<u>(11,570)</u>	<u>(6,863)</u>
Total assets less current liabilities		<u>9,527</u>	<u>8,360</u>
Creditors: amounts falling due after more than one year	14	<u>(7,635)</u>	<u>(9,661)</u>
Net assets/(liabilities)		<u><u>1,892</u></u>	<u><u>(1,301)</u></u>
Capital and reserves			
Called up share capital	17	340	340
Share premium account	18	250	250
Other reserve	18	-	-
Profit and loss account	18	1,302	(1,891)
Total shareholders' funds/(deficit)		<u><u>1,892</u></u>	<u><u>(1,301)</u></u>

These financial statements on pages 6 to 19 were approved by the Board of Directors on 22.5. 2009.

Signed on behalf of the Board of Directors



 WP Colley P Smith
 Director Director

Microlease Plc

Notes to the financial statements For the year ended 28 February 2009

1. Accounting policies

Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Test Equipment Asset Management Limited. The directors have received confirmation that Test Equipment Asset Management Limited intend to support the company for at least one year after these financial statements are signed.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 28 February 2009. Intra-group sales and profits are eliminated fully on consolidation.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken to the statement of total recognised gains and losses.

Turnover

Turnover is the amount derived from the rental and sale of electronic test and measurement equipment after deduction of trade discounts, prompt settlement discounts and value added tax. The group recognises turnover on a pro rata basis over the life of the rental contract.

Deferred revenue

Deferred revenue is recognised in the account of the group where services have been performed but remain unbilled at the end of the period.

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Microlease Plc

Notes to the financial statements (continued) **For the year ended 28 February 2009**

1. Accounting policies (continued)

Depreciation

Depreciation is calculated to write off the cost of fixed assets by equal monthly instalments over their estimated useful economic lives at the following rates:

Hire equipment	15% - 100% per annum
Office equipment fittings	15% - 33% per annum
Leasehold premises	over the primary periods of the leases which expire in 2015.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

Leased assets

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

Hire purchase assets

Equipment acquired under hire purchase agreements is capitalised at its fair value on the inception of the lease and depreciated over its expected useful life. Hire purchase interest is allocated over the period of the lease in proportion to the capital amount outstanding and charged to the profit and loss account.

Cash flow statement

The company is exempt from producing a cash flow statement as it is included in the publicly available consolidated accounts of Test Equipment Asset Management Ltd, a company incorporated in the Great Britain, which prepares a cash flow statement.

Stocks

Stocks are valued at the lower of cost, being purchase price, and net realisable value.

Pension scheme

The company operates a defined contribution pension scheme. The amounts charged in the year represent contributions payable in the year.

2. Turnover

Turnover and operating profit relate principally to the rental and sale of electronic test and measurement equipment.

All turnover originates in the United Kingdom. The turnover of the group derived from operations outside the United Kingdom is £10,017,550 (2008: £9,743,420). The only significant geographical markets outside the United Kingdom are other European countries and the USA.

The directors have chosen not to disclose the separate results for the overseas operations as they feel this is prejudicial to the group's operations.

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

3. Operating profit

	2009 £'000	2008 £'000
Operating profit is arrived at after charging/(crediting):		
Depreciation:		
– own assets	2,225	1,237
– own assets held under finance leases and hire purchase contracts	3,337	3,167
Profit on disposal of fixed assets	(990)	(881)
Auditors' remuneration:		
- Audit fee	38	38
- Non-audit fees	11	5
Foreign exchange gains	(1,229)	(309)
Operating lease rentals:		
- Other than plant and machinery	147	142

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

4. Employees

	2009 No.	2008 No.
The average number employed by the company, and group, including directors, within each category of persons was:		
Laboratory staff	27	27
Administration and sales staff	91	86
	<u>118</u>	<u>113</u>
	2009 £'000	2008 £'000
Wages and salaries	4,701	4,086
Social security costs	545	480
Other pension costs	182	150
	<u>5,428</u>	<u>4,716</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £182,170 (2008: £150,109).

5. Directors' emoluments

	2009 £'000	2008 £'000
Total emoluments in aggregate excluding pension contributions	0	0
Pension contributions	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>
Highest paid Director		
- total emoluments excluding pension contributions	0	0
- pension contributions	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

The emoluments of the directors who are also directors of the holding company are shown in the financial statements of that company. It is not possible to split their remuneration for services rendered exclusively to this company.

One director is a member of the company defined contribution pension scheme (2008: none).

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

6. Interest receivable and similar income

	2009 £'000	2008 £'000
Bank deposit interest	15	13

7. Interest payable and similar charges

	2009 £'000	2008 £'000
Bank loans and overdraft	147	174
Hire purchase	1,095	1,186
	1,242	1,360

8. Tax on profit on ordinary activities

	£'000	2009 £'000	£'000	2008 £'000
UK Corporation tax at a rate of 28% (2008: 30%)		-		-
Adjustment in respect of prior periods				
Timing differences, origination and reversal	(685)		750	
Increase in discount	-		-	
Total deferred tax		(685)		750
Tax credit/(charge) on profit on ordinary activities		(685)		750

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2008 – 30%). The current tax charge for the year is less than 28% (2008 was less than 30%) for the reasons set out in the following reconciliation.

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation:	3,900	2,849
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2008: 30%)	1,092	855
Factors affecting tax:		
Disallowed expenses	9	(9)
Group relief not paid for	(422)	342
Loss brought forward utilised		89
Capital allowances for the year in excess of depreciation and other timing differences	(685)	433
Withholding tax	(39)	-
Unrealised foreign exchange losses on translation of profits	54	-
Rate difference	(9)	-
Current tax for the year	-	-

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

9. Tangible assets

Group and company	Hire equipment £'000	Office equipment fittings £'000	Short leasehold premises £'000	Total £'000
Cost				
At 1 March 2008	50,125	1,205	495	51,825
Additions	12,110	11	-	12,121
Disposals	(5,369)	-	-	(5,369)
At 28 February 2009	56,866	1,216	495	58,577
Accumulated depreciation				
At 1 March 2008	35,065	1,043	495	36,603
Charge for the year	5,515	48	-	5,563
Disposals	(4,685)	-	-	(4,685)
At 28 February 2009	35,895	1,091	495	37,481
Net book value				
At 28 February 2009	20,971	125	-	21,096
At 29 February 2008	15,060	162	-	15,222

The net book value of hire equipment assets held under finance agreements is £12,743,535 (2008 - £10,789,807). These incurred a depreciation charge of £3,337,297 (2008 - £3,167,456).

10. Investments

Company	Subsidiaries £'000
Cost and net book values at 1 March 2008 and 28 February 2009	1

The directors believe that the carrying value of investments is not less than the value of the underlying assets. The company has the following subsidiaries:

Subsidiaries	Country of registration and principal country of operation	Activity
Microlease Finance Limited	England and Wales	The purchase and resale of electronic test and measurement equipment
Microlease Europe Limited	England and Wales	The operation of a sales representative office
Microlease Inc	United States of America	The rental of electronic test and measurement equipment.

All companies were 100% owned during the current and preceding year.

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

11. Stocks

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Consumables and other stocks	211	211	154	154

12. Debtors

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Trade debtors	3,794	3,794	4,595	4,595
Corporation tax	102	102	64	64
Deferred tax asset (note 16)	1,907	1,907	2,592	2,592
Other taxation and social security	173	176	80	330
Prepayments and other debtors	701	701	298	298
	6,677	6,680	7,629	7,879

13. Creditors: amounts falling due within one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank loans and overdrafts	6	6	180	488
Obligations under finance leases and hire purchase contracts (note 15)	7,146	7,146	6,331	6,331
Shareholder loans	144	144	144	144
Trade creditors	2,564	975	3,295	1,369
Amounts owed to group undertaking	7,243	8,631	2,009	4,692
Other taxation and social security	217	173	-	-
Other creditors	1,456	1,456	1,026	1,026
Accruals and deferred income	801	801	846	846
	19,577	19,332	13,831	14,896

Other creditors represent the balance outstanding on a secured loan on the trade debtors of Microlease Plc. The shareholder loans are secured by a floating charge over certain hire equipment assets of the company. Amounts owed to group undertakings are repayable on demand and bear no interest.

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Notes to the financial statements (continued) For the year ended 28 February 2009

14. Creditors: amounts falling due after more than one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank loans	-	-	6	6
Shareholder loans	252	252	396	396
Obligations under finance leases and hire purchase contracts (note 15)	7,383	7,383	9,259	9,259
	<u>7,635</u>	<u>7,635</u>	<u>9,661</u>	<u>9,661</u>

The Shareholder loans are secured by a floating charge over certain hire equipment assets of the company.

Maturity of debts

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
In one year or less, or on demand	7,296	7,296	6,655	6,963
In more than one year but not more than two years	4,372	4,372	5,807	5,807
In more than two years but not more than five years	3,263	3,263	3,854	3,854
In more than five years	-	-	-	-
	<u>14,931</u>	<u>14,931</u>	<u>16,316</u>	<u>16,624</u>

15. Hire purchase creditors

Group and company	2009 £'000	2008 £'000
Between one and two years	4,228	5,657
Between two and five years	3,155	3,602
Amounts falling due after more than one year	7,383	9,259
Amounts falling due within one year	7,146	6,331
Total outstanding	<u>14,529</u>	<u>15,590</u>

Of the above hire purchase creditor outstanding, £1,924,506 (2008 - £4,272,486) is secured by a fixed and floating charge on the assets of the company.

The remaining £12,604,550 (2008 - £11,318,361) is secured against the assets of the specific funding agreements.

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

16. Deferred taxation

	Deferred taxation £'000	
Deferred tax asset as at 1 March 2008		(2,592)
Current year charge		685
Deferred tax asset as at 28 February 2009		<u>(1,907)</u>
Group and company	2009 £'000	Provided 2008 £'000
The balance of the deferred tax asset consists of the following:		
Depreciation in excess of capital allowances	(1,907)	(2,592)
Tax losses		
Discount on timing differences		
Total deferred tax asset	<u>(1,907)</u>	<u>(2,592)</u>

Deferred tax relates to unutilised trade losses and unclaimed capital allowances carried forward.

17. Called up share capital

Group and company:	2009 £'000	2008 £'000
Authorised:		
5,000,000 ordinary shares of 10p each (2008: 5,000,000)	<u>500</u>	<u>500</u>
Allotted and fully paid:		
3,400,000 ordinary shares of 10p each, fully paid (2008: 3,400,000)	<u>340</u>	<u>340</u>

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Notes to the financial statements (continued) For the year ended 28 February 2009

18. Movement on reserves

	Share premium account £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
Group				
Balance at 1 March 2008	250	-	(894)	(644)
Retained profit for the year	-	-	3,215	3,215
	<u>250</u>	<u>-</u>	<u>3,215</u>	<u>3,215</u>
Balance at 28 February 2009	<u>250</u>	<u>-</u>	<u>2,321</u>	<u>2,571</u>
Company				
Balance at 1 March 2008	250	-	(1,891)	(1,641)
Retained profit for the year	-	-	3,193	3,193
	<u>-</u>	<u>-</u>	<u>3,193</u>	<u>3,193</u>
Balance at 28 February 2009	<u>250</u>	<u>-</u>	<u>1,302</u>	<u>1,552</u>

19. Reconciliation of movements in total shareholders' funds/(deficit)

	2009 £'000	2008 £'000
Profit for the financial year	3,215	3,599
Net reduction in shareholders' deficit	3,215	3,599
Opening shareholders' deficit	(304)	(3,903)
Closing shareholders' funds/(deficit)	<u>2,911</u>	<u>(304)</u>

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss for the company alone is not presented. The profit for the financial year of the company was £3,193,000 (2008: profit of £3,581,000).

Microlease Plc

Notes to the financial statements (continued) For the year ended 28 February 2009

20. Financial commitments

Operating leases

At 29 February 2009, the group and company had annual commitments under non-cancellable operating leases as set out below:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	12	13	0	31
In the second to fifth year	261	95	0	63
Greater than five years	-		188	0
	<u>273</u>	<u>108</u>	<u>188</u>	<u>94</u>

21. Capital commitments

The group had purchase commitments of £1,076,389 at the year end (2008: £1,424,367) which are not provided for in the financial statements.

22. Related party transactions

The following are transactions with directors who served during the year.

Company	Beneficiary	Payments made		Outstanding liabilities	
		2009 £	2008 £	2009 £	2008 £
Richardson Carpenter Assoc Ltd	Nigel Brown	-	66,742	-	2,438

The company has taken advantage of the exemptions available under FRS 8 - Related Party Disclosures, not to disclose transactions with other group companies.

23. Ultimate parent company

The immediate parent company is Newmir Limited while the ultimate parent company and the parent of the largest group for which group accounts are prepared of which the company is a member and the controlling party is Test Equipment Asset Management Limited, a company incorporated in Great Britain. Copies of the consolidated financial statements are available from The Registrar of Companies, Crown Way, Maindy, Cardiff CF14 3UZ.