

TELECOM CENTRAL LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS—continued

	30 September 1990 \$000's	31 March 1990 \$000's
14 FIXED ASSETS		
Telecommunication equipment:		
–Cost	934,844	439,310
–Accumulated depreciation	(276,498)	(129,962)
	<u>658,346</u>	<u>309,348</u>
Capital work in progress	56,396	35,017
Land	19,489	10,757
Buildings:		
–Cost	102,232	45,745
–Accumulated depreciation	(11,960)	(4,633)
	<u>90,272</u>	<u>41,112</u>
Other fixed assets:		
–Cost	88,829	34,576
–Accumulated depreciation	(35,438)	(13,939)
	<u>53,391</u>	<u>20,637</u>
Total cost	1,201,790	565,405
Total accumulated depreciation	(323,896)	(148,534)
Total net book value	877,894	416,871

Other fixed assets include tools and plant, vehicles, office equipment, furniture and fittings and computer equipment.

Included in telecommunication equipment at 30 September 1990 and 31 March 1990 respectively, is equipment leased to customers under operating leases with a cost of \$100.4 million and \$49.9 million, together with accumulated depreciation of \$59.5 million and \$29.3 million.

REGISTRATION OF TITLE TO LAND

Certificates of title for freehold interests in land included in the assets purchased from the Crown are being progressively raised by the Crown and transferred to Group companies. Titles for more than half the freehold interests have been issued and, for the remainder, equitable ownership rests with the Group.

LAND CLAIMS

Under the Treaty of Waitangi Act 1975 all land or interest in land included in the assets purchased from the Crown is subject to claims to the Waitangi Tribunal which has the power to recommend in appropriate circumstances that the land be resumed by the Crown in order that it be returned to Maori claimants. In the event that land is resumed by the Crown, compensation will be paid to Telecom under the provisions of the Public Works Act 1981. If this is insufficient to cover the loss certain additional compensation is payable under the provisions of the Sale and Purchase Agreement between Telecom and the Crown.

Under the State Owned Enterprises Act 1986 the Governor General may if satisfied that any land or interest in land held by Telecom is Wahi Tapu (being land of special spiritual, cultural or historical tribal significance) declare by order in Council that the land be resumed by the Crown, with compensation payable to Telecom under the provisions of the Public Works Act 1981.

15 COMMITMENTS**(A) OPERATING LEASES**

Operating lease commitments are mainly in respect of leases of land and buildings. Minimum rental commitments as at 30 September 1990 for all non-cancellable operating leases for the years ended 30 September are:

–1991	0.3
–1992	0.1
–1993	0.7
–1994	0.2
–1995	4.1
–Thereafter	21.3
	<u>\$26.7</u> million

(B) CAPITAL COMMITMENTS

As at 30 September 1990 capital expenditure amounting to \$35.3 million has been committed under contractual arrangements.