

TELECOM WELLINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS—*continued*

	30 September 1990 \$000's	31 March 1990 \$000's
14 FIXED ASSETS		
Telecommunication equipment:		
-Cost	429,829	419,644
-Accumulated depreciation	(154,959)	(146,964)
	<u>274,870</u>	<u>272,680</u>
Capital work in progress	17,691	19,013
Land	41,900	43,747
Buildings:		
-Cost	61,464	58,743
-Accumulated depreciation	(4,537)	(5,096)
	<u>56,927</u>	<u>53,647</u>
Other fixed assets:		
-Cost	59,776	44,414
-Accumulated depreciation	(17,989)	(13,779)
	<u>41,787</u>	<u>30,635</u>
Total cost	610,660	585,561
Total accumulated depreciation	(177,485)	(165,839)
Total net book value	433,175	419,722

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 \$95.0 million and \$102.1 million, together with accumulated depreciation of \$61.4 million and \$64.6 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	10.5
-1992	9.6
-1993	9.0
-1994	8.7
-1995	8.4
-Thereafter	44.6
	<u>\$90.8</u> million

(B) CAPITAL COMMITMENTS

As at 30 September 1990 capital expenditure amounting to \$8.7 million has been committed under contractual arrangements.