

## TELECOM AUCKLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS—*continued*

	Six Months Ended 30 September 1990 \$000's	Year Ended 31 March 1990 \$000's
<b>2 REVENUE</b>	<b>314,093</b>	<b>605,632</b>
Revenue includes rental from telephone lines and customer premises equipment, national calls, telex, leased circuit, telegraph, radio and support centre service revenue, and sales of customer premises equipment.		
<b>3 OPERATING EXPENSES</b>	<b>250,767</b>	<b>475,266</b>
Included in Operating expenses are:		
Depreciation	56,277	106,629
Audit fees	95	152
Intercompany management fee	13,433	29,731
Foreign exchange losses	—	2,212
Lease and rental costs	16,543	33,428
The formula used in determining the amount of labour and overhead capitalised to the cost of self constructed assets has been varied with the effect that for the six months ended 30 September 1990 an additional \$4.1 million of overhead which otherwise would have been charged to earnings, after taxation, was capitalised.		
<b>4 INTEREST</b>		
Interest income:		
–Intercompany	—	1,509
–Other	2	27
	<b>2</b>	<b>1,536</b>
Interest expense:		
–Intercompany	28,659	43,455
–Other	4	7
	28,663	43,462
–Less interest capitalised	(307)	(6,182)
	<b>28,356</b>	<b>37,280</b>
<b>5 TAXATION EXPENSE</b>		
Net earnings before taxation	34,972	94,622
Tax at current rate of 33%	11,541	31,225
Adjustment for permanent differences	1,364	517
<b>Total taxation</b>	<b>12,905</b>	<b>31,742</b>
The tax expense is represented by:		
–Current taxation (Note 9)	7,182	18,236
–Deferred taxation (Note 9)	5,723	13,506
	12,905	31,742
<b>6 DIVIDENDS</b>		
Interim dividend proposed	6,263	—
Interim dividend paid	—	18,600
Final dividend proposed	—	41,136
<b>Dividends for period</b>	<b>6,263</b>	<b>59,736</b>
<b>Proposed dividend at end of period</b>	<b>6,263</b>	<b>41,136</b>
<b>7 ACCOUNTS PAYABLE AND ACCRUALS</b>		
Trade accounts payable and accruals	33,069	47,709
Personnel accruals	20,518	20,683
Rentals billed in advance	14,445	13,616
Payable to fellow subsidiary companies	25,771	39,672
Payable to parent company	167,077	85,825
	<b>260,880</b>	<b>207,505</b>