

TELECOM AUCKLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

	1991	1990
4 INCOME TAX	\$000's	\$000's
The income tax expense for the year is determined as follows:		
Earnings before income tax	66,146	94,622
Tax at current rate of 33%	21,828	31,225
Adjustment for permanent differences	(1,312)	517
Other	3	-
Total income tax expense	20,519	31,742
The income tax expense is represented by:		
-Current taxation	11,874	18,236
-Deferred taxation	8,645	13,506
	20,519	31,742
The balance sheet provisions as at 31 March are:		
Current taxation:		
-Balance at beginning of year	23,290	-
-Total taxation in the current year	(11,874)	(18,236)
-Tax paid	8,384	41,526
Prepaid income tax	19,800	23,290
Deferred taxation:		
-Balance at beginning of year	(1,264)	12,242
-Provided in the current year	(8,645)	(13,506)
-Other movements	7,809	-
Deferred income tax	(2,100)	(1,264)
	1991	1990
5 ACCOUNTS RECEIVABLE AND PREPAID EXPENSES	\$000's	\$000's
Accounts receivable, net	73,542	91,278
Unbilled rentals and tolls	29,724	33,838
Due from fellow subsidiary companies	3,314	1,324
Prepaid expenses and other	5,883	1,602
	112,463	128,042

6 OTHER ASSETS

Other assets include certain deferred expenditure amounting to \$5.3 million (1990:\$4.4 million) incurred in relation to the installation of a major computer system. The deferred costs relating to each phase of the system are charged to earnings over a period of two years from the date upon which that phase of the system becomes fully operational. Deferred costs amortised during the year ended 31 March 1991 amounted to \$2.3 million (1990:\$0). Also included in other assets as at 31 March 1990 were house mortgage loans to employees of \$0.2 million.