

TELECOM AUCKLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10 SHAREHOLDERS' EQUITY (continued)

Dividends declared apply to redeemable preference shares as if they were ordinary shares. On winding up of the company preference shareholders rank in priority to ordinary shareholders in respect of outstanding dividends and the issue price of the redeemable preference shares. The redeemable preference shares are subject to redemption, at the issue price five days after written notice from the holder.

	1991	1990
	\$000's	\$000's
RETAINED EARNINGS		
Balance at beginning of year	3,144	-
Net earnings	45,627	62,880
	48,771	62,880
Dividends	(17,023)	(59,736)
Balance at end of year	31,748	3,144

DIVIDENDS

Interim and final dividends declared from the retained earnings of the Company are as follows:

	1991	1990
	\$000's	\$000's
Interim dividends	17,023	18,600
Final dividend	-	41,136
	17,023	59,736

11 COMMITMENTS**OPERATING LEASES**

Operating lease commitments are mainly in respect of leases of land and buildings. Minimum rental commitments as at 31 March 1991 for all non-cancellable operating leases are:

	(in millions)
Payable within 1 year	9.7
Payable within 1-2 years	10.3
Payable within 2-3 years	10.0
Payable within 3-4 years	9.7
Payable within 4-5 years	8.8
Payable thereafter	47.4
	<u>\$95.9</u>

CAPITAL COMMITMENTS

As at 31 March 1991 capital expenditure amounting to \$50.0 million (1990:\$64.8 million) has been committed under contractual arrangements.