

TELECOM CENTRAL LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

	1991	1990
	\$000's	\$000's
7 FIXED ASSETS		
Telecommunication equipment:		
- Cost	982,448	439,310
- Accumulated depreciation	(317,514)	(129,962)
	664,934	309,348
Capital work in progress	54,724	35,017
Land	19,327	10,757
Buildings:		
- Cost	106,764	45,745
- Accumulated depreciation	(13,664)	(4,633)
	93,100	41,112
Other fixed assets:		
- Cost	106,583	34,576
- Accumulated depreciation	(41,275)	(13,939)
	65,308	20,637
Total cost	1,269,846	565,405
Total accumulated depreciation	(372,453)	(148,534)
Total net book value	897,393	416,871

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

Included in telecommunications equipment is equipment (principally customer premises equipment) leased to customers under operating leases with a cost of \$105.5 million (1990:\$49.9 million), together with accumulated depreciation of \$69.9 million (1990:\$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 approximately 90% (1990: less than 50%) of the freehold interests have now been issued and, for the remainder, equitable ownership rests with the Group.

LAND CLAIMS

Under the Treaty of Waitangi Act 1975 all interests in land included in the assets purchased from the Crown may be 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.

Telecom would expect to negotiate with the new Maori owners for continued occupancy rights of any sites resumed by the Crown.