

TELECOM AUCKLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

	1991	1990
2 OPERATING EXPENSES	\$000's	\$000's
	<b>494,302</b>	<b>475,266</b>

Included in operating expenses are:

Depreciation	117,228	106,629
Audit fees	190	152
Intercompany management fee	25,440	29,731
Foreign exchange (gains)/losses	(52)	2,212
Lease and rental costs	32,196	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 year ended 31 March 1991 an additional \$8.5 million of overhead which otherwise would have been charged to earnings after taxation, was capitalised.

	1991	1990
3 INTEREST	\$000's	\$000's
Interest income:		
- Intercompany	-	1,509
- Other	31	27
	<b>31</b>	<b>1,536</b>
Interest expense:		
- Intercompany	59,452	43,455
- Other	4	7
	59,456	43,462
- Less interest capitalised	(529)	(6,182)
	<b>58,927</b>	<b>37,280</b>