

TELECOM CENTRAL LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

12 CONTINGENT LIABILITIES (Continued)

GUARANTEES

The Company has guaranteed, together with other subsidiary companies, approximately \$1,613 million of the indebtedness of the parent company and other subsidiary companies at 30 September 1992 together with, in each case, interest thereon, principally under the following agreements:

- (i) \$424.2 million under a trust deed made as of 25 October 1988 with the New Zealand Guardian Trust Company Limited providing for the constitution and issue of securities in respect of indebtedness from time to time of the parent company and/or any guaranteeing subsidiary.
- (ii) \$650.9 million under trust deeds made as of 20 September 1989 and 3 April 1992 and subsequent supplemental trust deeds with the Law Debenture Trust Corporation PLC providing for the constitution and issue of securities in respect of indebtedness from time to time of the parent company and/or any guaranteeing subsidiary.
- (iii) British pounds 122.6 million (NZ\$408.1 million) under a deed poll dated 12 November 1990.
- (iv) \$129.8 million under a deed of guarantee dated 27 March 1992 in respect of the issue of Mandatory Convertible Notes by a fellow subsidiary. Further performance based guarantees have also been given by the company.

Under certain of the agreements referred to above the Company together with the other guaranteeing subsidiaries has given a negative pledge that while any of the guaranteed indebtedness remains outstanding it will not, subject to certain exceptions, create or permit to exist any charge or lien over any of its assets.

13 RELATED PARTY TRANSACTIONS

RELATIONSHIP WITH PARENT AND FELLOW SUBSIDIARY COMPANIES

During the period the Company derived revenue (approximately 8.9%) from access fees, maintenance services and asset construction services provided to fellow subsidiaries. The Company also utilised network capacity and related services and group management services provided by fellow subsidiaries. Additionally, certain inventory and network assets were procured from and serviced by fellow subsidiaries. Such expenses represented approximately 22.3% of total operating expenses.

Outstanding intercompany balances as at 30 September 1992 are:

- Intercompany receivable and current account	\$45.6 million
- Intercompany payable	\$10.8 million
- Intercompany term liabilities	\$301.7 million

With the exception of the current account and the term liability to parent company, the balances are payable on normal trading terms. The current account is on call and the term liability to parent company has no fixed date for repayment. No related party debts have been written off or forgiven during the year.