



CYPRUS INLAND
TELECOMMUNICATIONS
AUTHORITY

FIRST ANNUAL REPORT
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1955

(Price 50 mils Net).



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Cyprus Inland Telecommunications Authority

CHAIRMAN — J. A. SMALE, C.B.E., A.F.C., B.Sc., M.I.E.E.

DEPUTY CHAIRMAN — G. W. PORTSMOUTH. *

MEMBERS — D. A. SHEPHERD, M.A. (Oxon).

— O. G. CHAKARIAN, O.B.E.

— J. CHRISTOFIDES.

— RAMADAN JEMIL, M.B.E.

— C. D. SEVERIS, Advocate.

SECRETARY & CHIEF ACCOUNTANT—FREDK. RICHARDSON, A.S.A.A.

**Appointed General Manager and ex-officio
Deputy Chairman on 1st May 1956.*

HEAD OFFICE

ELECTRA HOUSE—1, MUSEUM STREET, NICOSIA.

TELEPHONE: NICOSIA 92.

Engineering Office

VOTSIS STREET, NICOSIA.

Telephone: Nicosia 92.

Branches in District Towns

LIMASSOL

4, Marcos Botsaris Street.—Telephone: Limassol 2744

FAMAGUSTA

Edison Street.—Telephone: Famagusta 2267

LARNACA

7, Lord Byron Street.—Telephone: Larnaca 78

KYRENIA

5A, 28th October Avenue.—Telephone: Kyrenia 438

PAPHOS

36, Adonis Street.—Telephone: Paphos 148

Cyprus Inland Telecommunications Authority

First Annual Report

*Made to His Excellency the Governor of
Cyprus in pursuance of Section 22 of the
Inland Telecommunications Service Law 1954.*

To His Excellency Field Marshall Sir John Harding G.C.B., C.B.E., D.S.O., M.C.,
Governor and Commander-in-Chief of the Colony of Cyprus.

Your Excellency,

The Cyprus Inland Telecommunications Authority has the honour to submit the First Annual Report of the Authority for the year ended 31st December 1955.

I. INTRODUCTION.

From 1936 the inland telecommunications of Cyprus were carried out by Cable and Wireless Ltd., in conjunction with its overseas telegraph and telephone services. In 1947 a development plan was inaugurated by the Company to meet the increasing commercial and residential telephone requirements of the island and the installation of modern automatic exchanges and new trunk circuits was commenced.

Within a few years it became apparent that the combined civil and military requirements would necessitate a much larger capital expenditure. After protracted negotiations between Government and Cable and Wireless Ltd., regarding the conditions under which the inland telephone system should be administered in the future, the Company, having regard to its commitments in the sphere of world-wide telecommunications, could not see its way clear to undertake heavy capital outlay on an inland telephone system and, consequently, it asked Government to acquire the Cyprus inland system.

In October 1954 this step was agreed, valuation of the assets was put in hand and Mr. N. C. C. de Jong of the British Post Office visited the island in November to advise Government on the form of management required, the type of personnel

needed for the senior appointments and the development programme as planned by the Company. The system was transferred to Public Ownership on 1st January 1955 and the Authority was set up to administer it by Law No. 67 of 1954 viz :

“A Law to provide for the establishment of a Corporate Body to be called the Cyprus Inland Telecommunications Authority and for the exercise and performance by such body of functions relating to the provision and maintenance of the Inland Telecommunications Service and certain related matters ; to empower such body to acquire the Inland Telephone and Telegraph Undertaking of Cable and Wireless Ltd., and to provide for the regulation of the Inland Telecommunications Service and for purposes connected with the matters aforesaid”.

Concurrently an agreement was concluded by which Cable and Wireless Ltd., would continue to operate the system as Agents for the Authority pending the appointment of senior personnel and the setting up of the Authority's own management.

II. ADMINISTRATION.

(a) Meetings of the Authority.

One meeting of the Authority was held in 1954 under the chairmanship of Mr. D. A. Shepherd.

Prior to the arrival in Cyprus in September 1955 of the Chairman, Mr. J. A. Smale, the duties of Chairman were carried out successively by :—

Mr. D. A. Shepherd,
Mr. A. F. J. Reddaway and
Mr. D. A. Percival.

Fifteen meetings were held, one of which was conducted by Mr. G. W. Portsmouth, Deputy Chairman.

During the remainder of 1955 four further meetings of the Authority were held under the chairmanship of Mr. J. A. Smale.

(b) Appointments Chairman.

Mr. John Arthur Smale, C.B.E., A.F.C., B.Sc., M.I.E.E., was appointed by Your Excellency to be Chairman of the Authority on the 4th September 1955. Mr. Smale had been Engineer in Chief of Cable and Wireless Ltd., since 1948.

Temporary Chairman.

Prior to the appointment of Mr. J. A. Smale, the following Temporary Chairmen of the Authority were appointed for the periods indicated :

Mr. Donald Arthur Shepherd, M.A. (Oxon)
from 30th December 1954 to 14th June 1955.

Mr. Arthur Frederick John Reddaway B.A. (Reading)
from 16th June 1955 to 17th August 1955.

Mr. David Athelstane Percival M.A. (Oxon)
from 18th August 1955 to 3rd September 1955.

Deputy Chairman.

Mr. George William Portsmouth, Telephone Manager in Cyprus of Cable and Wireless Ltd., was appointed to act as Deputy Chairman of the Authority as from 30th December 1954 pending the appointment of a General Manager*

Members.

The following Members of the Authority were appointed upon the dates indicated :

Mr. Donald Arthur Shepherd, M.A. (Oxon)
from 30th December 1954 to 14th June 1955, and
from 20th November 1955.

Mr. Arthur Frederick John Reddaway, B.A. (Reading)
from 30th December 1954 to 17th August 1955.

Mr. Ohanes Gabriel Chakarian, O.B.E.,
from 30th December 1954

Mr. John Christofides
from 30th December 1954

Mr. Ramadan Jemil, M.B.E.,
from 30th December 1954

Mr. Constantinos Demosthenis Severis, Advocate
from 30th December 1954

Mr. David Athelstane Percival, M.A. (Oxon)
from 18th August 1955 to 3rd September 1955

Mr. Haralambous Christodoulou Artemis, M.B.E.,
from 18th August 1955 to 28th November 1955.

* Mr. Portsmouth was appointed General Manager to the Authority on 1st May, 1956 and consequently became *ex officio* Deputy Chairman.

Secretary.

Mr. Frederick Richardson, A.S.A.A. was appointed Secretary to the Authority on 14th November 1955. Prior to this date, Mr. P. E. Prince, M.B.E., acted as Secretary.

(c) Agency Arrangements.

An Agency Agreement between the Authority and Cable and Wireless Ltd., whereby the latter company operated the inland telecommunications system on behalf of the Authority for a period of six months was signed on 31st December 1954. This Agreement was extended periodically and was still in force at the end of the year*

(d) Extension to Electra House, Nicosia.

Preparations were continued during the year under review to extend the Authority's Head Office and Main Telephone Exchange at Electra House, Nicosia in conjunction with the general development programme. **

The new extension will house the main Telegraph Office which will be transferred from Ataturk Square, the projected enlargement of the Automatic Telephone Exchange, the V.H.F. Radio Trunk Telephone Equipment, the terminal of the overseas telegraphic services operated by Cable and Wireless Ltd., and Administrative Offices.

III. ENGINEERING PROGRESS & MAINTENANCE.

During the year good progress was made in the development of line plant in the main towns in preparation for extensions to the automatic exchange equipments scheduled for installation during 1956.

There was an abnormally large demand due to various causes for transfers of existing installations from one place to another and this unremunerative work coupled with development of the system strained resources to the utmost.

Nevertheless some 550 exchange lines and 700 extension telephones were added to the system and 76 additional trunk circuits of a total route length of 2284 miles were connected between the main exchanges.

Many installations were carried out for the Military and Security Forces includ-

* The main part of this Agreement was terminated on 30th June, 1956, when the Authority took over the administration of the telephone system in Nicosia and the telephone and telegraph system in the remainder of the island.

** Work on the extension was commenced on 1st April, 1956, and it is expected to be complete in the second half of 1957.

ing Private Branch Exchanges for service within the cantonments of Episkopi and Dhekelia.

The standard of maintenance continued at a high level despite the great increase of commitments. The recruitment of suitable personnel for technical training was extremely difficult but the Authority hopes that in future, the availability of technical officers and technicians in Cyprus will improve.

IV. FUTURE ENGINEERING DEVELOPMENT.

The Authority took over from Cable and Wireless Ltd., a development plan for the years 1954 to 1957 and this plan was modified and extended to cover the years up to 1960 at an estimated total cost of £1,250,000.

Development projected for the years 1956 and 1957 includes the expansion of Nicosia exchange from 2300 to 4000 lines, Limassol Exchange from 925 to 1680 lines and Famagusta Exchange from 1225 to 1580 lines. Applications for exchange line connections as at 31st December 1955 were Nicosia 1030, Limassol 229, Famagusta 123 and other towns 138.*

There will be 60 additional trunk circuits having a total route length of 2200 miles and, for the operation of these circuits, the trunk manual position at exchanges will be increased at Nicosia from 7 to 12, at Limassol from 4 to 7 and at Famagusta from 4 to 6.

Automatic exchanges of the latest type will replace the existing manual ones at Paphos with a capacity of 400 lines, at Platres with 300 lines and at Nicosia Airport with 200 lines.

New automatic exchanges will be installed to provide for the requirements of the commercial and residential localities of Episkopi with 300 lines, Dhekelia with 200 lines and Akrotiri with 100 lines.

At Larnaca subscribers line plant will be completed in preparation for the installation of an automatic exchange.

The provision of telephone service in outlying districts is bound to be relatively uneconomic to the Authority or unacceptably expensive to the subscriber but it is the intention of the Authority to give serious consideration to the development of the telephone service in rural areas as soon as sufficient progress has been made with urban and trunk services.

* By October 1956, the following were satisfied: Nicosia 660, Limassol 195, and Famagusta 116 but new requests had resulted in outstanding applications of Nicosia 1021, Limassol 192, and Famagusta 152.

The inland telegraph system will be modernised by conversion to teleprinter working and the installation of a network of multi-channel voice frequency telegraph circuits. This will also increase the availability of Private Wire telegraph circuits.

V. FINANCE.

(a) **Borrowings.** To enable the Authority to acquire the inland telecommunications undertaking from Cable and Wireless Ltd. and to continue the development of the system, the Government of Cyprus made short-term advances to the Authority during the year totalling £1,211,379.

On 22nd November 1955 a third issue of the Cyprus 3½% Inscribed Stock 1969—71 amounting to £3,608,000 was raised in London at a price of £83.5.0d. per cent. One half of the net proceeds totalling £1,499,914.500 mils was allocated to the Authority to replace the short-term advances. When the discount and minor expenses of the loan are taken into consideration, the effective rate of interest payable by the Authority is 5.213 per cent. per annum.

(b) Operating Revenue.

The Authority's income for the year amounted to	£316,638
After deducting the operating expenses totalling	£231,433
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There remained an Operating surplus of:—	£ 85,205
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(c) Net Revenue.

Additional non-operating expenditure was incurred comprising :

Interest	£ 32,330
Members' Emoluments & Expenses	£ 1,355
	<hr/>
Totalling	£ 33,685
And provision was made for :	
Depreciation of Capital Assets in the amount of:—	£ 58,462
	<hr/>
The total of these items	£ 92,147
Was in excess of the abovementioned operating surplus of £85,205	
Augmented by Sundry other income	£ 1,814
	<hr/>
Resulting in Deficit for the year amounting to	£ 5,128
	<hr/> <hr/>

This first year of the Authority's operation has resulted in a small deficit which, in view of the circumstances, can be considered as reasonably satisfactory. However, the undertaking is in the process of rapid development and, consequently, the Authority will have to meet increasing capital charges by way of interest and depreciation out of its future operating income

Some increase of income is expected as more new equipment comes into operation within the telecommunications system of the island but in the first few years after the installation of new plant, operating income does not increase in direct relationship with capital expenditure.

(d) Balance Sheet.

The total borrowings of £1,499,914 were represented by Fixed or Capital Assets at their net book value of £947,688, the excess of Current Assets over Current Liabilities of £547,098 and the year's Deficit of £5,128.

(e) Fixed Assets.

On the 1st January 1955, the fixed assets of the inland telecommunications undertaking of Cable and Wireless Ltd., were acquired at a cost to the Authority of £817,799. During the year under review, additional Capital Expenditure of £205,428 was incurred against which was recovered £17,298 in Installation and Removal Fees. After providing Depreciation for the year in the amount of £58,462, the resulting net book value of the Authority's Fixed Assets at the 31st December 1955 amounted to £947,688.

VI. STAFF.

The maintenance and development of the system continued to be carried out by Cable and Wireless Ltd., as Agents and the Authority places on record its appreciation of the excellent work done by all employees of the Company.*

VII. CONCLUSION.

An effective Inland Telecommunications System is an essential pre-requisite to the industrial development and social welfare of Cyprus. It is regrettable that some considerable delay in developing the telephone system was caused by the protracted negotiations which resulted in the transfer of the system of Public Ownership. Further the demands for service have increased in an unprecedented and unforeseeable manner. Nevertheless, the Authority is able to say that great progress is being made.

In conclusion the Authority considers it wise to draw attention to the fact that development is taking place while the cost of new installations and the maintenance of an efficient service is inevitably rising.

I am, Sir,

Yours obediently,

FREDK. RICHARDSON

Secretary.

* Some 500 of the Company's Staff necessary for the operation of the inland services transferred to the Authority on 1st July 1956.

ACCOUNTS

**CYPRUS INLAND TELECOM
BALANCE SHEET AS**

Capital Borrowings

£

Government of Cyprus Loan	1,499,914
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Note:-Capital Commitments outstanding as at 31st December, 1955 amounted to approximately £137,000.

J. A. SMALE, *Chairman.*

FREDK. RICHARDSON, *Secretary and Chief Accountant.*

£1,499,914

AUDITORS'

We have examined the above Balance Sheet and the attached Operating and Revenue Statement of Fixed Assets and have obtained all the information and explanations which to as appears from our examination proper books of account have been kept by the Authority opinion and to the best of our information and according to the explanations given to us the of account and returns of the agents, which returns have been audited by other auditors, give Revenue Account for the year ended 31st December 1955.

Nicosia, 13th October 1956.

MUNICATIONS AUTHORITY
AT 31st DECEMBER, 1955.

	£	£
Fixed Assets —At cost less depreciation (Statement attached)		947,688
Current Assets		
Stocks in hands of Authority's Agents and in transit, as certified by Officials of the Agent	146,313	
Debtors, Prepayments and Deferred Revenue Expenditure ..	99,505	
Cash in Hand and at Bank	344,810	
	<u>590,628</u>	
<i>Less: Current Liabilities</i>		
Creditors and Accrued Charges	43,530	547,098
Revenue Account - Deficit		5,128
		<u><u>£1,499,914</u></u>

REPORT

Accounts of the Cyprus Inland Telecommunications Authority together with the supporting the best of our knowledge and belief, were necessary for the purposes of our audit. So far and adequate accounts and returns have been received from the Authority's Agents. In our Balance Sheet and Operating and Revenue Accounts, which are in agreement with the books a true and fair view of the state of the Authority's affairs and of the deficit on

RUSSELL & CO.

Chartered Accountants.

**CYPRUS INLAND TELECOM
OPERATING ACCOUNT FOR THE**

	£	£
Operating Costs:		
Staff Costs	131,157	
Agency Costs	25,008	
Other Operating Costs	75,268	231,433
	75,268	
Operating Surplus carried to Revenue Account		85,205
		£316,638

REVENUE ACCOUNT FOR THE

Interest on Government of Cyprus Advances and Loan		32,330
Members, Emoluments and Expenses		1,355
Depreciation on Fixed Assets		58,462
		£92,147

MUNICIPALITY AUTHORITY

YEAR ENDED 31st DECEMBER, 1955.

	£	£
Telephone Income		297,067
Telegraph Income		19,571
		<u>£316,638</u>

YEAR ENDED 31st DECEMBER, 1955.

Operating Surplus from Operating Account		85,205
Other Income:-		
Rents	196	
Bank and other Interest	<u>1,618</u>	1,814
Balance, being Deficit for year, carried to next account		<u>5,128</u>
		<u>£92,147</u>

**CYPRUS INLAND TELECOM
STATEMENT OF FIXED ASSETS**

As at 1st January, 1955.

	Original Cost	Depreciation Previously Provided	Written down book value being cost to C.I.T.A.	Additions less Discards 1955
	£	£	£	£
Land and Buildings	133,149	8,560	124,589	—
Telephone Exchanges, Subscribers', Circuits and Trunk Services ..	824,408	166,749	657,659	127,791
Episkopi Installation	1,627	—	1,627	55,426
Motor Vehicles and Mechanical Equipment	7,984	1,630	6,354	4,665
Furniture, Fixtures, Fittings and Office Equipment	15,919	3,336	12,583	248
Telegraph Electrical Equipment	5,605	1,373	4,232	—
Loose Tools	8,639	1,764	6,875	—
Miscellaneous Capital Assets ..	3,880	—	3,880	—
	<u>£1,001,211</u>	<u>£183,412</u>	<u>£817,799</u>	<u>£188,130</u>

MUNICIPAL AUTHORITY

AS AT 31st DECEMBER, 1955.

As at 31st December, 1955.				
Depreciation on Discarded Assets 1955	Depreciation 1955	Original Cost less discards plus additions	Total Deprecia- tion including previously provided	Written down book value
£	£	£	£	£
—	2,666	133,149	11,226	121,923
221	47,610	952,199	214,138	738,061
—	—	57,053	—	57,053
—	2,530	12,649	4,160	8,489
—	1,203	16,167	4,539	11,628
—	280	5,605	1,653	3,952
—	2,880	8,639	4,644	3,995
—	1,293	3,880	1,293	2,587
<u>£221</u>	<u>£58,462</u>	<u>£1,189,341</u>	<u>£241,653</u>	<u>£947,688</u>