



CYPRUS INLAND  
TELECOMMUNICATIONS  
AUTHORITY

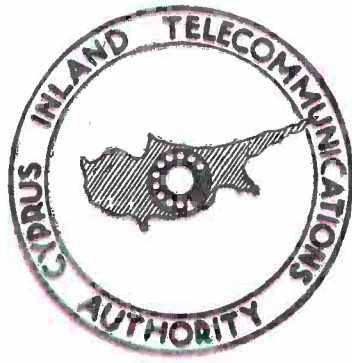
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SECOND ANNUAL REPORT  
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1956.

*(Price 50 mils Net).*



CYPRUS INLAND  
TELECOMMUNICATIONS  
AUTHORITY

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# Cyprus Inland Telecommunications Authority

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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.

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GENERAL MANAGER — G. W. PORTSMOUTH.

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

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## **HEAD OFFICE**

ELECTRA HOUSE — I, MUSEUM STREET, NICOSIA.

TELEPHONE: NICOSIA 92.

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## **Engineering Office**

VOTSIS STREET, NICOSIA.

Telephone: Nicosia 92.

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## **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.

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# Cyprus Inland Telecommunications Authority

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## Second Annual Report

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

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To His Excellency Sir Hugh Mackintosh Foot, G.C.M.G., K.C.V.O., O.B.E.,  
Governor and Commander-in-Chief of the Colony of Cyprus.

*Your Excellency,*

The Cyprus Inland Telecommunications Authority has the honour to submit the Second Annual Report of the Authority for the year ended 31st December 1956.

### **I. INTRODUCTION.**

The Authority continued with its development plans for the provision of telephone service in Cyprus.

The telephone habit continued to grow at a very remarkable rate and its great value in saving time and increasing productivity evidently became more and more realised. These factors coupled with the increased standard of living have made the telephone service economic to a greatly increased section of the public. As an inevitable result, applications for telephone service were received faster than they were satisfied. The increase of applications for residences and small shops was particularly striking.

### **II. ADMINISTRATION.**

#### **(a) Meetings of the Authority**

During 1956 four Meetings were held under the Chairmanship of Mr. J. A. Smale, C.B.E., A.F.C.

**(b) Appointments****General Manager**

Mr. George William Portsmouth, Telephone Manager in Cyprus of Cable and Wireless Ltd., was appointed General Manager to the Authority on the 1st May 1956 upon his retirement from the Company.

**(c) Agency Arrangements**

The Agency Agreement whereby Cable and Wireless Ltd. operated the inland telecommunications system on behalf of the Authority continued during the first six months of the year and was officially terminated on the 30th June, except that the Company continued to collect and deliver telegrams in the town of Nicosia\*

**(d) Extension to Electra House**

Work was commenced on the extension to Electra House, Nicosia on the 1st April 1956. This building is intended to house the main Telegraph Office, hitherto sited in Ataturk Square, the projected enlargement of the Automatic Telephone Exchange, the V.H.F. Radio Trunk Telephone Equipment, the Terminal of the Overseas Telegraph Services operated by Cable and Wireless Ltd., and certain Administrative Offices. Good progress was made on the building during the year and it was anticipated to be completed in the second half of 1957. \*\*

**III. ENGINEERING PROGRESS AND MAINTENANCE.**

During the year under review, progress was made in the expansion of the automatic exchanges in the main towns. Provision was made in Nicosia for an additional 800 lines while additional equipments for 200 lines and 150 lines were installed in Limassol and Famagusta respectively.

Despite abnormal circumstances, which caused frequent stoppages, good progress was made with the provision of subscribers line plant.

A net addition of 1076 telephones were connected to the system during the year and this involved the connection of 1416 telephones there being 340 ceased during the period; of these 1138 new telephones and 211 ceased were in the towns of Nicosia, Limassol and Famagusta.

\* The Agency Agreement was finally terminated on the 31st October, 1957.

\*\* The building was finally completed for occupation on the 31st October, 1957.

The number of applications for exchange connections was 1731. Outstanding applications for exchange line connections as at the 31st December 1956 were Nicosia 1014, Limassol 272, Famagusta 212 and other towns 233\*

Thus the provision of new telephones during the year only just kept pace with the demand and considerable further acceleration is required for the demand for service to be fully met. This is being attended to by the provision of additional exchange equipment and new cables in the local exchange line networks.

Some 800 extension telephones were also connected bringing the total to 4900 at the end of the year.

Installations for the **Military and Security Forces** tended to increase.

Appreciable additions were made to the trunk network; 35 trunks of a total mileage of 1556 were connected and new minor trunk, private wire and abnormal line circuits totalling 2450 miles were also completed.

Despite considerable difficulties due to the shortage of technical personnel and suitable labour, the standard of service was maintained.

Technical courses for probationers produced satisfactory results and are being continued.

#### **IV. FUTURE ENGINEERING DEVELOPMENT.**

The Authority's principal concern is to satisfy the waiting list of prospective subscribers in the urban areas and when sufficient progress is made attention will be given to augmenting service in the rural areas.

Development projected for completion during 1957 include expansions of Nicosia exchange from 3200 to 3600 lines, Limassol exchange from 925 to 1125 lines and Famagusta exchange from 845 to 1045 lines. Partial equipment of new automatic exchanges will be completed, at Paphos (400 lines) Dhekelia (200 lines), Paramali, Episkopi (300 lines), Nicosia Airport (200 lines) and Berengaria (100 lines).

Projects for 1958 include the installation of **Automatic** exchanges at Larnaca (750 lines) and Akrotiri (100 lines) and the further expansions of Nicosia exchange by 2650 lines, Limassol exchange 200 lines and Famagusta exchange 400 lines together with the associated cables, lines and subscriber equipments.

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\* As at 1st October 1957, the following were satisfied: Nicosia 649, Limassol 207, and Famagusta 194 but new requests had resulted in outstanding applications of Nicosia 1050, Limassol 265 and Famagusta 204.



It is projected to connect a further 40 major trunks totalling 1825 miles in addition to some 600 miles of minor trunks and private wire circuits.

Provision has been made for the modernisation of the Inland Telegraph System during 1958. Teleprinters operated over modern multi-channel telegraph equipment will be installed in the principal telegraph offices. There is likely to be an important demand for private wire teleprinter facilities as soon as this equipment is available.

## V. FINANCE

### (a) Borrowings

There were no additional advances or borrowings from the Government of Cyprus during the year as the balance of the Authority's share of the Cyprus 3½% Inscribed Stock 1969—71 raised during the previous year was sufficient to meet the capital requirements for 1956.

### (b) Operating Revenue

The Authority's income for the year amounted to .. .. .	£416,588
After deducting the operating expenses totalling .. .. .	£313,120
	<hr/>
There remained an Operating Surplus of .. .. .	£103,468

### (c) Net Revenue

Additional non-operating Expenditure was incurred comprising:

Interest .. .. .	£ 79,589
and Members' Emoluments & Expenses .. .. .	1,339
	<hr/>
Totalling .. .. .	£ 80,928
and provision was made for Depreciation of Capital Assets in the amount of .. .. .	£ 72,392
	<hr/>
The total of these items .. .. .	£153,320
Was in excess of the above-mentioned Operating Surplus of .. .. .	£103,468
Augmented by Sundry Other Income.. .. .	8,416
	<hr/>
Resulting in a Deficit for the year amounting to .. .. .	<u>£ 41,436</u>

While in its second year of operation, the Authority's income increased by £100,000, its operating expenses increased by some £82,000. There had been during the year an increase in Staff Costs of some £88,000 resulting from (a) a revision of salaries as from 1st July 1955 following the revision of Government salaries (b)



the increase in the variable Cost of Living Allowances paid to the Authority's staff, and (c) a provision to meet the amounts to be paid to the staff in accordance with an Arbitration Award to back-date salary increases to the 1st July, 1956.

Although the Operating Surplus for 1956 was £18,263 higher than that for 1955, increased capital costs by way of interest (£47,259) and depreciation (£13,930), that were foreseen in the previous report of the Authority, more than off-set this increase. Consequently, there was a higher deficit for 1956.

In view of this trend, consideration had to be given to revising tariff charges with a view to meeting the increasing costs of operating the system and to recouping past deficits.\*

It was considered that only a moderate increase of tariff might be necessary on the basis that the earning capacity of new plant would subsequently improve.

**(d) Balance Sheet**

The total borrowings of £1,499,914 were represented by Fixed or Capital Assets at their net book value of £1,167,856, the excess of Current Assets over Current liabilities of £285,494 and the combined Deficits of 1955 and 1956 totalling £46,564.

**(e) Fixed Assets**

The net Book value of the Authority's Fixed Assets at the beginning of the year was £947,688. During 1956 additional Capital Expenditure of £314,771 was incurred against which was recovered £22,212 in Installation and Removal Fees. After providing Depreciation for the year in the amount of £72,392 the resulting net book value of the Fixed Assets at the 31st December 1956 amounted to £1,167,856.

## VI. STAFF

Your Excellency was pleased to designate the 1st July 1956 as being the "Fixed Day" in accordance with Section 28(1) of the Inland Telecommunications Service Law of 1954. As a result of this some 500 members of the Cable & Wireless Ltd., Staff necessary for the operation of the inland services transferred to this Authority on that date. During the latter part of the year negotiations on salary scales and staff conditions proceeded between the Management and the Cyprus Inland Telecommunications Employees' Union.\*\*

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\*Certain adjustments were made in the Authority's telephone charges as from 1st April, 1957.

\*\* An Arbitration Tribunal was set up on 5th July, 1957 with the object of determining the dispute between the Union and the Authority. This Tribunal's Award was published on 5th December 1957 and provided for increased salaries for almost all personnel as from the first July 1956, for shorter working hours for administrative and operating staff and for increased paid holidays for all the Authority's monthly paid personnel of two years seniority or more to the extent of five weeks leave annually.

The Authority places on record its appreciation of the excellent work done by the Authority's and the Company's employees during the year which very often was carried out under adverse conditions.

### VII CONCLUSION

The year was marked by an increase in the difficulties under which the service was being maintained and developed. Progress in development was disappointing due to these difficulties and to delays in receiving new equipment. It is unfortunate that such delays, coupled with the continuing rise in costs of material and labour, result in more expensive installations and higher charges for the service. As the new equipment becomes more fully employed there should be a relative increase in revenue but there is already indication that new subscribers coming on to the system are largely those who require to make a smaller number of calls, particularly trunk calls, and who therefore provide a comparatively small share of the Authority's revenue. Such subscribers and the system generally may in future benefit from the introduction of shared service or party-line working. This would not detract from the high grade of service which the Authority is happy still to give.

The Authority is conscious that much remains to be done in meeting the increasingly heavy demand for telephone service and it will make every effort to do so consistent with the availability of the necessary capital funds.

I am, Sir,

Yours obediently,

FREDK. RICHARDSON,

Secretary.

# ACCOUNTS

**CYPRUS INLAND TELECOM  
BALANCE SHEET AS**

1955 £		£
	<b>Capital Borrowings</b>	
1,499,914	Government of Cyprus Loan .. .. .	1,499,914

**Note:-** Capital Commitments outstanding as at  
31st December, 1956 amounted to approximately  
£200,000 (1955 £137,000)

J. A. SMALE, *Chairman.*  
FREDK. RICHARDSON, *Secretary and Chief Accountant.*

£1,499,914

£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 account and returns of the agents, which returns have been audited by other auditors, give a for the year ended 31st December 1956.

*Nicosia, 31st January 1958.*

**MUNICIPATIONS AUTHORITY**  
**AT 31st DECEMBER, 1956.**

1955 £		£	£
947,688	<b>Fixed Assets</b> —At cost less depreciation (Statement attached)		1,167,856
	<b>Current Assets</b>		
146,313	Stocks in hand and in transit, as certified by Officials of the Authority .. ..	166,969	
99,505	Debtors, Prepayments and Deferred Revenue Expenditure .. .. .	165,893	
344,810	Cash in Hand and at Bank .. .. .	27,283	
590,628		<u>360,145</u>	
	<i>Less: Current Liabilities</i>		
43,530	Creditors and Accrued Charges ..	<u>74,651</u>	
547,098			285,494
5,128	<b>Revenue Account - Deficit</b> .. .. .		46,564
			<u>£1,499,914</u>
			<u>£1,499,914</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 of true and fair view of the state of the Authority's affairs and of the deficit on Revenue Account

RUSSELL & CO.

*Chartered Accountants.*

**CYPRUS INLAND TELECOM  
OPERATING ACCOUNT FOR THE**

1955 £		£	£
	<b>Operating Costs:</b>		
131,157	Staff Costs .. .. .	219,886	
25,008	Agency Costs .. .. .	17,987	
75,268	Other Operating Costs .. .. .	<u>75,247</u>	313,120
85,205	<b>Operating Surplus carried to Revenue Account .. .. .</b>		<u>103,468</u>
<u>£316,638</u>			<u>£416,588</u>

**REVENUE ACCOUNT FOR THE**

32,330	<b>Interest on Government of Cyprus Loan and Financing Charges</b>	79,589
1,355	<b>Members, Emoluments and Expenses .. .. .</b>	1,339
58,462	<b>Depreciation on Fixed Assets .. .. .</b>	72,392
<u>£92,147</u>		<u>£153,320</u>
—	<b>Balance at 1st January 1956 .. .. .</b>	5,128
5,128	<b>Deficit for the year brought down .. .. .</b>	<u>41,436</u>
<u>£5,128</u>		<u>£46,564</u>



**MUNICIPAL AUTHORITY**  
**YEAR ENDED 31st DECEMBER, 1956.**

1955 £		£
297,067	<b>Telephone Income</b> .. .. .	393,538
19,571	<b>Telegraph Income</b> .. .. .	23,050
<u>£316,638</u>		<u>£416,588</u>

**YEAR ENDED 31st DECEMBER, 1956.**

85,205	<b>Operating Surplus from Operating Account</b> .. .. .	103,468
	<b>Other Income:-</b>	
196	Rents .. .. .	£ 387
1,618	Bank and other Interest .. .. .	<u>£8,029</u> 8,416
5,128	<b>Balance, being Deficit for year, carried down</b> .. .. .	41,436
<u>£92,147</u>		<u>£153,320</u>
5,128	<b>Balance carried to next account</b> .. .. .	46,564
<u>£5,128</u>		<u>£46,564</u>

**CYPRUS INLAND TELECOM  
STATEMENT OF FIXED ASSETS**

	<u>As at 1st January, 1956</u>		
	Cost less Discards plus Additions	Depreciation.	Written down book value.
	£	£	£
<b>Land and Buildings</b> .. .. .	133,149	11,226	121,923
<b>Telephone Exchanges, Subscribers' Circuits and Trunk Services</b> .. .. .	952,199	214,138	738,061
<b>Episkopi Installation</b> .. .. .	57,053	—	57,053
<b>Motor Vehicles and Mechanical Equipment</b> ..	12,649	4,160	8,489
<b>Furniture, Fixtures, Fittings and Office Equipment</b>	16,167	4,539	11,628
<b>Telegraph Electrical Equipment</b> .. .. .	5,605	1,653	3,952
<b>Loose Tools</b> .. .. .	8,639	4,644	3,995
<b>Miscellaneous Capital Assets</b> .. .. .	3,880	1,293	2,587
	<u>£1,189,341</u>	<u>£241,653</u>	<u>£947,688</u>

**Notes:** 1. Included in the figures of Cost and Depreciation are the original cost to and depreciation previously provided by Cable & Wireless Limited as follows:—

Cost .. .. .	£1,000,214
Depreciation .. .. .	£ 182,905
	<u>£ 817,309</u>

2. It is intended that "Episkopi Installation" will be purchased by the Military Authorities. The final agreement on this sale has not yet been concluded.

**MUNICIPAL AUTHORITY**  
**AS AT 31st DECEMBER, 1956.**

During 1956			As at 31st December, 1956.		
Additions less Discards etc., 1956.	Depreciation on Discarded Assets 1956	Depreciation 1956.	Cost less discards etc., plus additions	Total Depreciation	Written down book value
£	£	£	£	£	£
27,685	—	2,687	160,834	13,913	146,921
251,461	—	60,183	1,203,660	274,321	929,339
4,153	—	—	61,206	—	61,206
5,310	286	3,581	17,959	7,455	10,504
3,665	—	1,487	19,832	6,026	13,806
—	—	281	5,605	1,934	3,671
—	—	2,879	8,639	7,523	1,116
—	—	1,294	3,880	2,587	1,293
<u>£292,274</u>	<u>£286</u>	<u>£72,392</u>	<u>£1,481,615</u>	<u>£313,759</u>	<u>£1,167,856</u>

