



CYPRUS INLAND
TELECOMMUNICATIONS
AUTHORITY

THIRD ANNUAL REPORT
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1957.

(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, O.B.E.

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

— O. G. CHAKARIAN, O.B.E.

— J. CHRISTOFIDES.

— RAMADAN JEMIL, M.B.E.

— C. D. SEVERIS, Advocate.

GENERAL MANAGER — G. W. PORTSMOUTH, O.B.E.

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

HEAD OFFICE

ELECTRA HOUSE — I, MUSEUM STREET, NICOSIA.

TELEPHONE: NICOSIA 92.

Engineering Office

VOTSIS STREET, NICOSIA.

Telephone: Nicosia 92.

Branches in District Towns

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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 2148.

Cyprus Inland Telecommunications Authority

Third 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 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 Third Annual Report of the Authority for the year ended 31st December 1957.

I. INTRODUCTION

The Authority completed its third year since its incorporation and has continued the development of the telecommunications services in the Island.

Once again the demand for telephone services has kept pace with the additional provisions of such services made by the Authority during the year. The easing of the emergency situation fortunately enabled the Authority to concentrate even more on the public sector of the community.

II. ADMINISTRATION

(a) Meetings of the Authority.

During 1957, four meetings of the Authority were held, three under the Chairmanship of Mr. J. A. Smale, C.B.E., A.F.C., and one under Mr. G. W. Portsmouth, O.B.E., the Deputy Chairman of the Authority.

(b) **Appointments.**

There were no official appointments to report during 1957. The Authority is pleased to report that the General Manager Mr. G. W. Portsmouth was honoured in January 1958 in being admitted an Officer of the Order of the British Empire.

(c) **Agency Arrangements.**

As reported in a footnote to the 1956 Report, the Agency Agreement with Cable and Wireless Ltd. was finally terminated on 31st October, 1957, when the Authority assumed responsibility for the handling of telegraph traffic in the town of Nicosia.

This marked the end of a two and a half years close association between the Company and the Authority, as a result of which the Authority would like to place on record its appreciation of the spirit in which Cable and Wireless Ltd., co-operated in the handing over of its inland undertaking in Cyprus to the Authority.



Electra House, Headquarters of C.I.T.A. in Nicosia.

(d) **Extension to Electra House.**

At the end of October 1957, the extension to Electra House was completed, and on the 30th October, Mr. W. F. M. Clemens, O.B.E., M.C., the Com-

missioner of Nicosia was welcomed by the Chairman and Members of the Authority to a ceremony at which he officially opened the building. On completion of a tour of inspection, the Commissioner and Mrs. Clemens together with many notable personalities of Cyprus were entertained by the Authority in that part of the building which will house the next major extension to the Nicosia Automatic System.

The larger and much improved accommodation afforded by the new building has facilitated the re-organisation of the administrative functions of the Authority which would have been difficult under the conditions obtaining before the move. This in turn has resulted in increased efficiency, a point well illustrated by the time taken to produce this Report and Accounts when compared with those of 1956.

The opening of the new building also allowed the removal of the Central Telegraph Office from its previous site in Atatürk Square into Electra House, a more central position in Nicosia. Having this office concentrated in much improved accommodation under the same roof as the Head Office of the Authority resulted in more efficient operation.

III. ENGINEERING PROGRESS AND MAINTENANCE.

Steady progress was maintained in the expansion of the automatic exchanges in the main towns. Additional exchange equipment was installed at Nicosia (400 lines), Limassol (300 lines) and Famagusta (200 lines). Additional manual trunk positions were also in course of completion at these three exchanges at the close of the year.

Steady progress was made with the provision of subscriber line plant during the year.

A net addition of 1139 direct exchange lines was made to the System which involved the connection of 1591 new telephone installations, 452 having been given up during the same period; of these there were 1034 new telephones and 290 given up in the towns of Nicosia, Limassol and Famagusta. Outstanding applications for exchange service as at 31st December 1957 were Nicosia 1200, Limassol 306, Famagusta 176, Larnaca 127 and other towns 54, totalling 1863. Some difficulties in keeping pace with demands were experienced because of the scarcity of suitable labour and delay in cable shipments. These factors have now eased and the provision of Shared Service during 1958 will assist in the provision of line plant and allow further acceleration in meeting the demand.

There were 1038 additional extension telephones and 227 private wires installed; 880 subscribers' instruments were transferred to new premises.

Further appreciable additions were made to the trunk network which resulted in a marked reduction of waiting time.

During the year automatic exchanges were installed at Paphos (400 lines), Paramali (300 lines), Nicosia Airport (200 lines), Berengaria (100 lines) and Richmond Dhekelia (100 lines).

Although the shortage of technical personnel still made itself felt, the standard of maintenance was maintained and even improved upon as a direct result of the technical courses for probationers.



Trunk Exchange Nicosia with International Exchange at top right of picture.

IV. FUTURE ENGINEERING DEVELOPMENT.

Developments projected during 1958 include the partial equipment of an additional automatic exchange in Nicosia with an initial equipment for 2600 subscribers exchange lines as well as additional trunk manual positions. Further expansions in Limassol Exchange from 1225 to 1625 lines, Famagusta Exchange from 1045 to 1645 lines, as well as an automatic exchange for Larnaca equipped for 760 lines, are also projected for completion during 1958.

The deficit balance brought forward from previous years was £46,564 and this amount has now been reduced by a non-recurring item of income in the amount of £15,045 which represents the recovery of departmental expenses incurred in the years 1955 and 1956 and previously charged against the revenues of those years. The deficit for the year 1957 of £15,041 increased the aggregate deficit on the operations of the Authority since its incorporation to £46,560 which is carried forward into the following year.

As was the case in 1956 the Authority's income during the year was increased by some £100,000 due partly to the increase in the number of subscribers connected to the Authority's system and partly to the revision of the telephone rates as from the 1st April 1957. However, the expenses incurred in the operation and maintenance of the system continued to rise with the expanding system, and with the continuing advance of the costs of material and labour. In particular staff costs have been influenced by the award of the Arbitration Tribunal which back-dated all salary increments to the 1st July 1956. Nevertheless, the Operating Surplus increased by some £50,000 to £153,791.

Although capital costs rose by way of additional interest and depreciation incurred on increased borrowings and capital assets, the net deficit for the year was less than that of the previous year by some £25,000.

It is apparent from the above that the revised rates introduced on the 1st April 1957 would have provided a small surplus for the year after having been in force for nine months but the need to provide for salary increases back-dated to July 1956 as imposed upon the Authority by the Arbitration Tribunal, has converted this surplus into a net operating deficit. Serious consideration had to be given as to the means by which the Authority would be able to meet the higher staff costs in subsequent years and to eliminate the deficits accrued during previous years. After exhausting all practical means of minimising the effect of this Award, including the implementation of every possible economy, it was still necessary to augment the Authority's income in order that the Authority could maintain its statutory duty of balancing its expenditure against its income. Consequently, on the basis of obtaining revenue in proportion to the use made of the system, it was reluctantly decided to reduce the free local call allowance from 300 calls per quarter to 100 calls per quarter.

The Authority appreciates that this decision has imposed upon the subscribers additional expense so soon after the recent revision of the telephone tariff but the Authority is confident that, in the full knowledge of the circumstances in which this decision was reached, the subscribers will appreciate the necessity for it.

It is Authority's intention and duty to reduce the cost of service to the subscribers when the accumulated deficit is eliminated and circumstances permit.

(d) Balance Sheet.

The £250,000 increased borrowings mentioned in (a) above, brought the total borrowings of the Authority to £1,749,914 and this amount was represented by Fixed or Capital Assets at their net book value of £1,297,341, by the excess of Current Assets over Current Liabilities of £406,013, and the aggregate Deficit of £46,560.

(e) Fixed Assets.

The net book value of the Authority's Fixed Assets at the beginning of the year was £1,167,856, this was reduced to £1,106,650 by the sale of Episkopi Installation. During 1957 additional Capital Expenditure of £310,485 was incurred, against which was recovered £32,908 in Installation and Removal Fees. After providing Depreciation for the year in the amount of £86,886 the resulting net book value of the Fixed Assets at 31st December 1957, amounted to £1,297,341.

VI. STAFF.

As reported by footnote in the 1956 Report, the Award and Recommendations of the Arbitration Tribunal set up to determine the dispute between the Employees Union and the Authority was published in December 1957. The Award provided many improvements in staff conditions of service which, despite the heavy additional cost, the Authority has been pleased to implement in the belief that Staff and Management will now be able to settle down to a very long period of amicable relations and continuing cooperation in the important task of providing a public service.

The year 1957 was a period of re-organisation of staff and staff functions and it was a difficult one in which employees had to accustom themselves to new routines. The success of this re-organisation is due, in no small measure, to the efforts of the staff to adapt themselves to changed conditions and at the same time maintain normal service. In reporting on this aspect, the Authority wishes to record its appreciation of the manner in which all staff have worked during the year.

VII. CONCLUSION.

Fortunately, the year was marked by a decrease in the difficulties under which the service was being maintained and expanded. Development proceeded as rapidly as the availability of capital funds permitted and was typified by the opening of the

Paphos Automatic Exchange, the first major advance carried out by the Authority in this part of the Island. The steady improvement in Administrative organisation since the incorporation of the Authority has permitted greater attention to forward planning of facilities, not only to meet the growing demand but also to ensure the minimum cost of the service to the public.

The Authority earnestly hopes that conditions will be propitious for the carrying out of these plans to meet the exceptional growth of telephone service which the island appears to demand.

I am, Sir,

Yours obediently,

C. M. LEWIS,

Secretary.

ACCOUNTS

**CYPRUS INLAND TELECOM
BALANCE SHEET AS**

1956 £		£
	Capital Borrowings	
1,499,914	Government of Cyprus	1,749,914

Note:- Capital Commitments outstanding as at 31st December, 1957 amounted to approximately £150,000 (1956 £200,000)

J. A. SMALE, *Chairman*

C. M. LEWIS, *Secretary and Chief Accountant.*

£1,499,914

£1,749,914

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 1957.

Nicosia, 26th June, 1958.

MUNICATIONS AUTHORITY

AT 31st DECEMBER, 1957.

1956 £		£	£
1,167,856	Fixed Assets —At cost less Depreciation (Statement Attached) ..		1,297,341
	Current Assets		
166,969	Stocks in hand and in transit, as certified by Officials of the Authority	214,090	
165,893	Debtors, Prepayments and Deferred Revenue Expenditure	165,754	
27,283	Cash in Hand and at Bank	164,781	
360,145		<u>544,625</u>	
	<i>Less:—Current Liabilities</i>		
74,651	Creditors and Accrued Charges	<u>138,612</u>	
285,494			406,013
46,564	Revenue Account—Deficit		46,560
<u>£1,499,914</u>			<u>£1,749,914</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**

1956 £	Operating Costs:	£	£
219,886	Staff Costs	258,256	
17,987	Agency Costs	4,581	
75,247	Other Operating Costs	103,594	
313,120			366,431
103,468	Operating Surplus carried to Revenue Account		153,791
<u>£416,588</u>			<u>£520,222</u>

REVENUE ACCOUNT FOR THE

79,589	Interest on Government of Cyprus Loan and Financing Charges	84,506
1,339	Emoluments and Expenses of Chairman and Members	2,079
72,392	Depreciation on Fixed Assets	86,886
<u>£153,320</u>		<u>£173,471</u>
5,128	Balance at 1st January, 1957	46,564
41,436	Deficit for the year brought down	15,041
<u>£46,564</u>		<u>£61,605</u>

MUNICIPATIONS AUTHORITY

YEAR ENDED 31st DECEMBER, 1957.

1956 £		£	£
	Telephone Income		
215,159	Rentals	284,109	
129,708	Trunks	141,967	
43,824	Local Calls	61,220	
1,982	Radiotelephones	1,849	
2,865	Miscellaneous	3,218	
<u>393,538</u>			492,363
23,050	Telegraph Income		27,859
<u>£416,588</u>			<u>£520,222</u>

YEAR ENDED 31st DECEMBER, 1957.

103,468	Operating Surplus from Operating Account		153,791
	Other Income:		
387	Rents	835	
8,029	Bank and other Interest	3,804	4,639
41,436	Balance, being Deficit for year, carried down		15,041
<u>£153,320</u>			<u>£173,471</u>
	Departmental Expenses Recovered in respect of 1955 and 1956 upon the sale of the Episkopi		
—	Installation to the Military Authorities		15,045
46,564	Balance carried to next account		46,560
<u>£46,564</u>			<u>£61,605</u>

**CYPRUS INLAND TELECOM
STATEMENT OF FIXED ASSETS**

As at 1st January, 1957

	Cost less Discards plus Additions	Depreciation	Written down book value
	£	£	£
Land and Buildings	160,834	13,913	146,921
Telephone Exchanges, Subscribers Circuits and Trunks Services	1,203,660	274,321	929,339
Episkopi Installation	61,206	—	61,206
Motor Vehicles and Mechanical Equipment ..	17,959	7,455	10,504
Furniture, Fixtures, Fittings and Office Equipment	19,832	6,026	13,806
Telegraph Electrical Equipment	5,605	1,934	3,671
Loose Tools	8,639	7,523	1,116
Miscellaneous Capital Assets	3,880	2,587	1,293
	<u>£1,481,615</u>	<u>£313,759</u>	<u>£1,167,856</u>

Notes: 1. Included in the figures of Cost and Depreciation are the original Cost to and Depreciation previously provided by Cable and Wireless Limited as follows:-

Cost	£1,000,177
Depreciation	£ 182,900
	<u>£ 817,277</u>

2. During 1957 Cost of Episkopi Installation was transferred from Fixed Assets to "Military Works in Progress" preparatory to sale to Military Authorities.

MUNICIPAL AUTHORITY

AS AT 31st DECEMBER, 1957.

Transfer to Military Works in Progress	During 1957			As at 31st December, 1957		
	Addition less Discards 1957	Depreciation on discarded Assets	Depreciation 1957	Cost less discards plus additions	Total Depreciation	Written down book value
£	£	£	£	£	£	£
—	22,706	—	3,141	183,540	17,054	166,486
—	239,112	—	72,139	1,442,772	346,460	1,096,312
61,206	—	—	—	—	—	—
—	10,048	—	5,601	28,007	13,057	14,950
—	4,854	5	1,851	24,686	7,873	16,813
—	852	—	1,744	6,457	3,677	2,780
—	—	—	1,116	8,639	8,639	—
—	—	—	1,293	3,880	3,880	—
<u>£61,206</u>	<u>£277,572</u>	<u>£ 5</u>	<u>£86,885</u>	<u>£1,697,981</u>	<u>£400,640</u>	<u>£ 1,297,341</u>

