



CYPRUS

INLAND

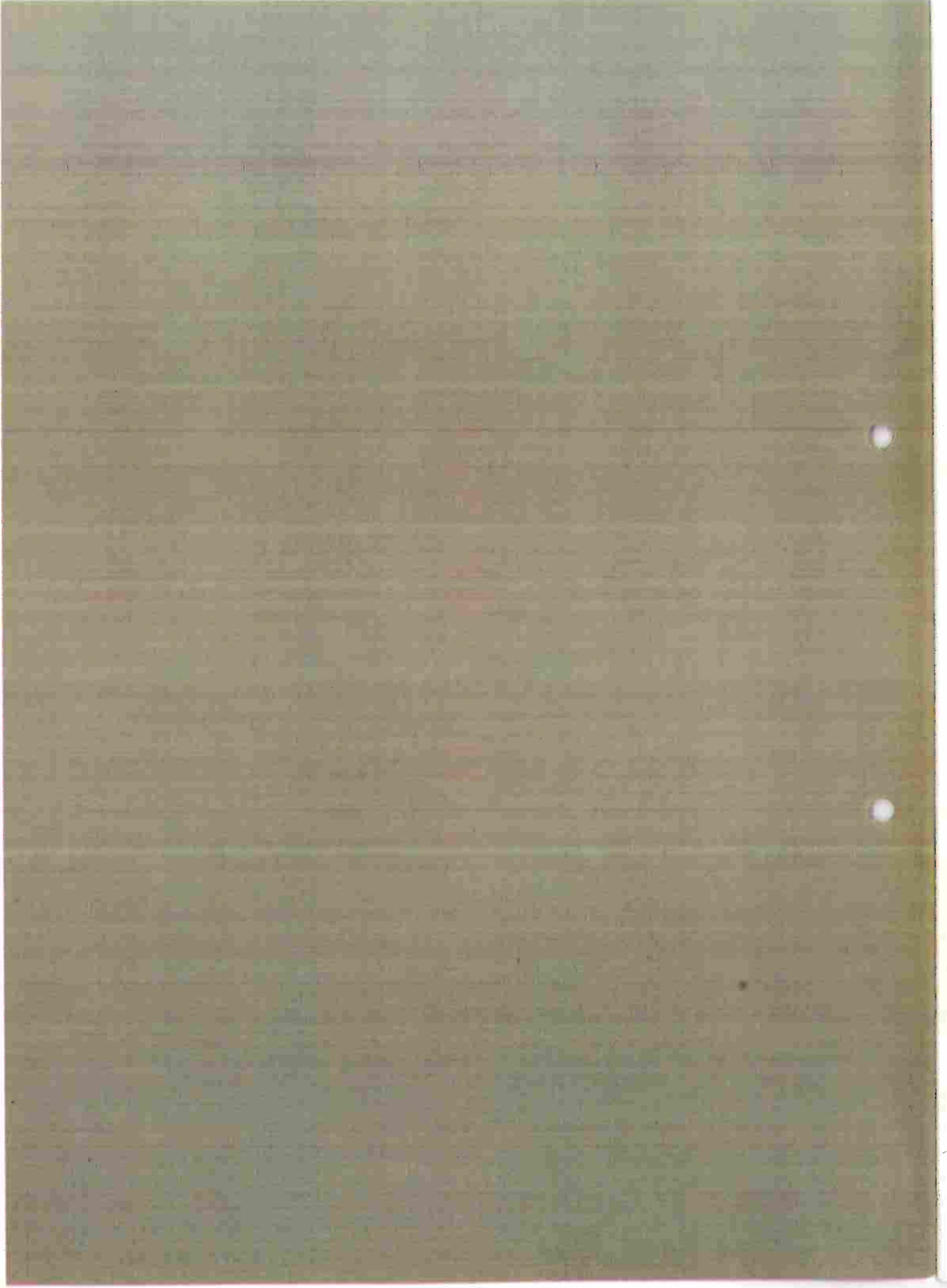
TELECOMMUNICATIONS
AUTHORITY

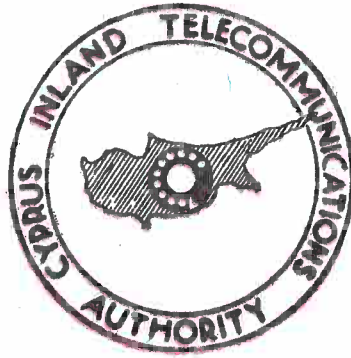
FOURTH ANNUAL REPORT
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1958.

(Price 50 mils Net).





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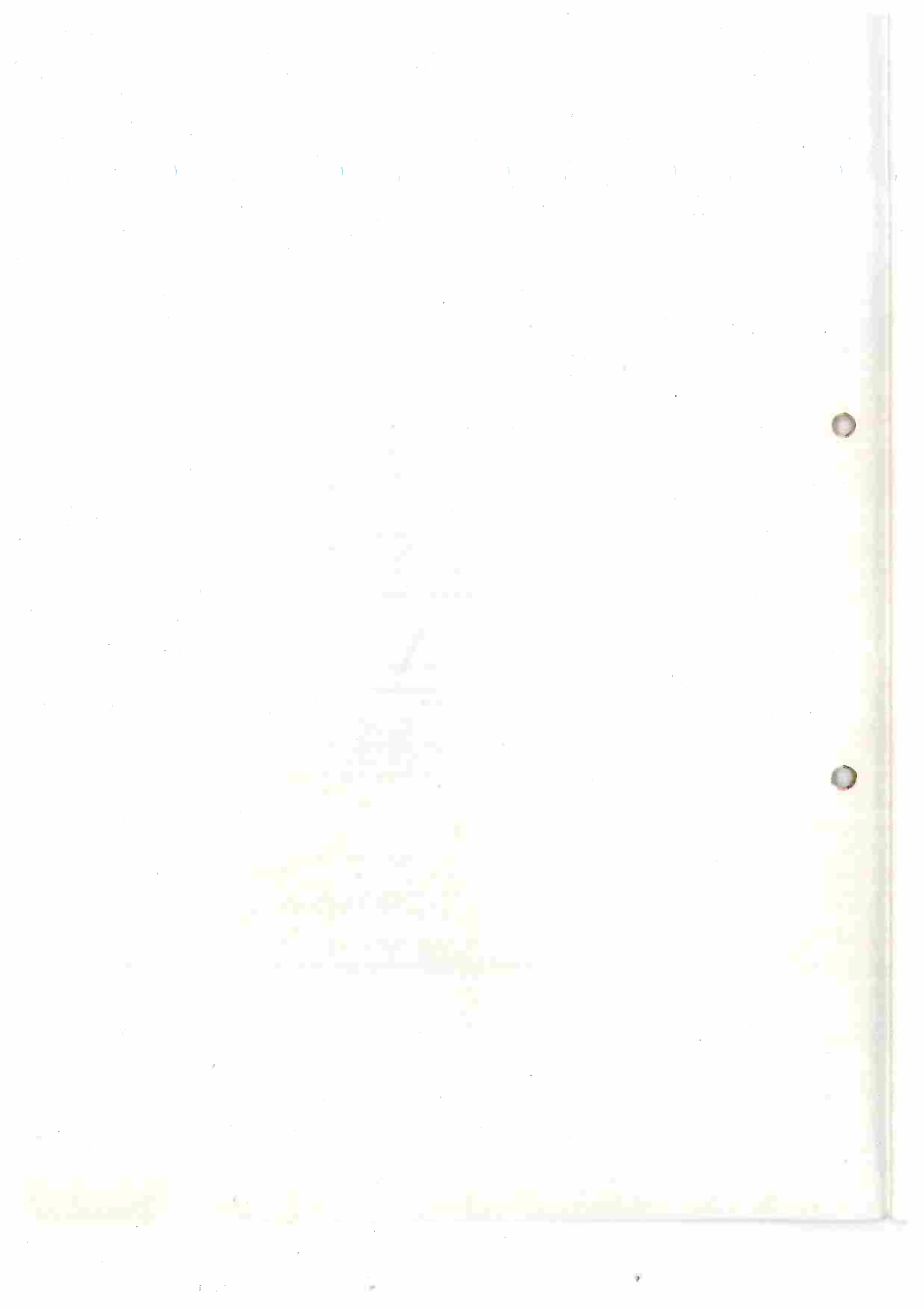
INLAND

TELECOMMUNICATIONS
AUTHORITY

FOURTH ANNUAL REPORT
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1958.



Cyprus Inland Telecommunications Authority

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

DEPUTY CHAIRMAN — G. W. PORTSMOUTH, O.B.E.

MEMBERS — O. G. CHAKARIAN, O.B.E.

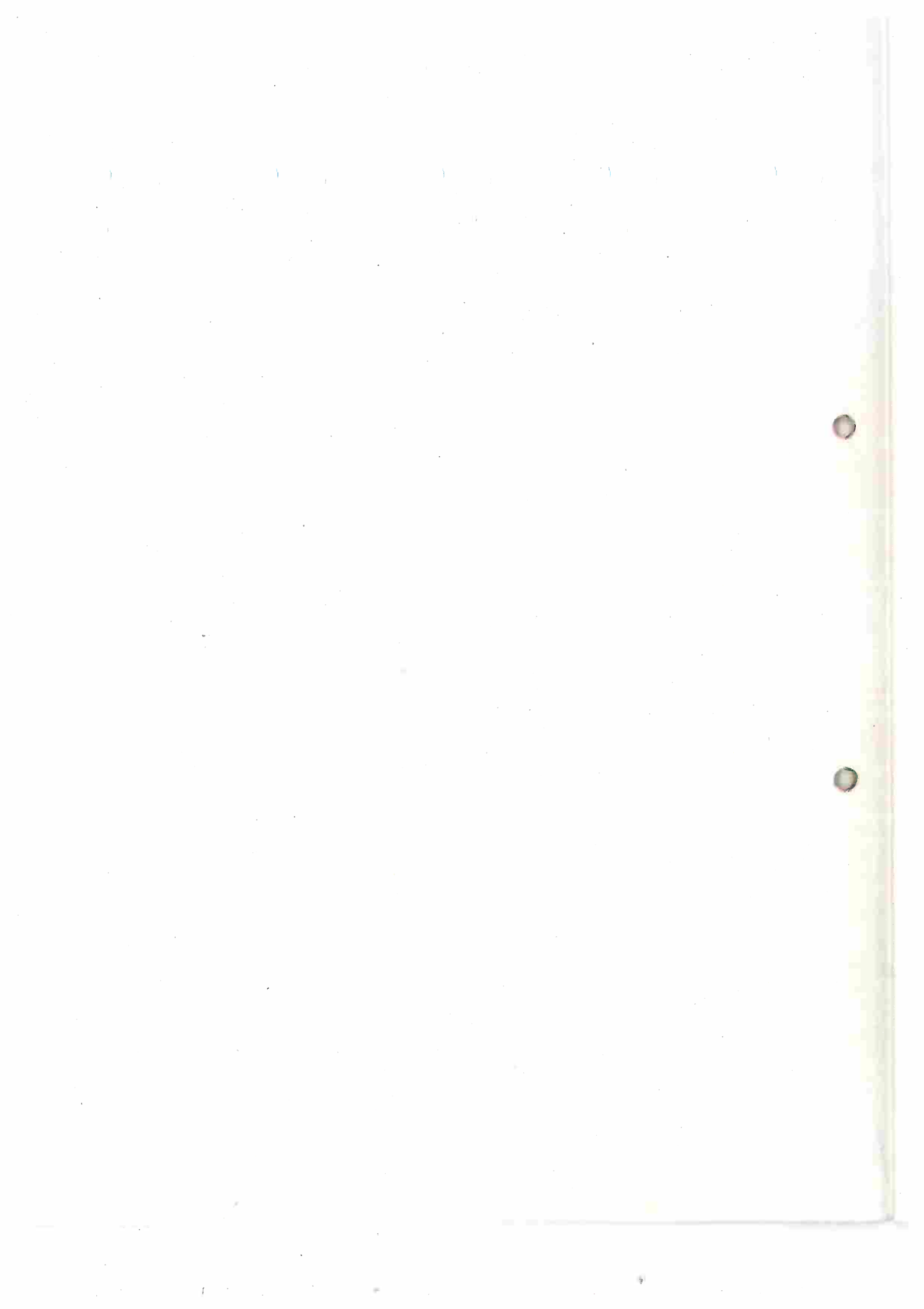
— J. CHRISTOFIDES

— 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

LIMASSOL

4, Marcos Botsaris Street. — Telephone: Limassol 2744

FAMAGUSTA

Edison Street. — Telephone: Famagusta 2267

LARNACA

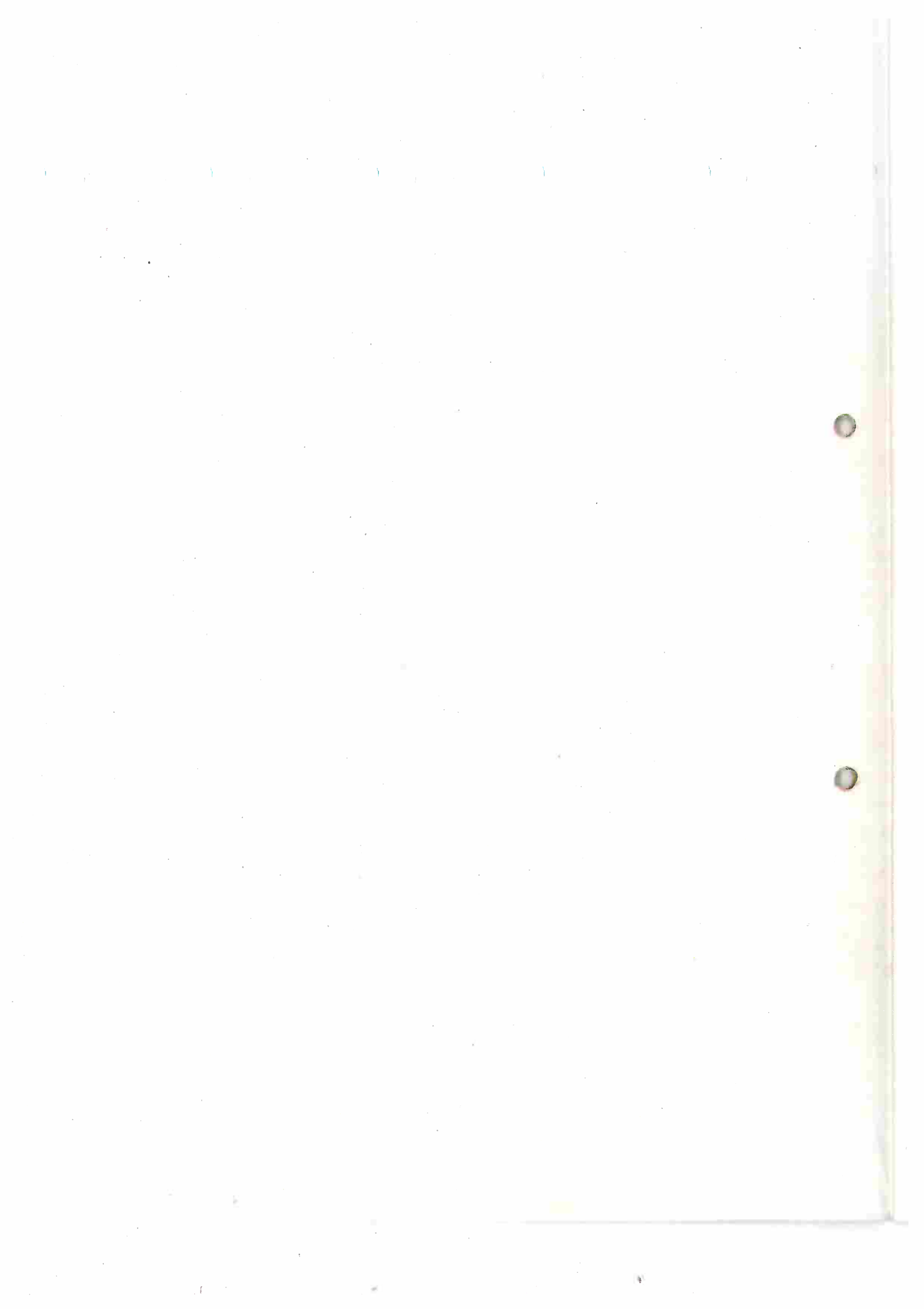
7, Lord Byron Street. — Telephone: Larnaca 2279

KYRENIA

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

PAPHOS

36, Adonis Street. — Telephone: Paphos 2148.



Cyprus Inland Telecommunications Authority

Fourth 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 Fourth Annual Report of the Authority for the year ended 31st December, 1958.

I. INTRODUCTION

The Authority completed its fourth year of expansion and maintenance of the Island's telecommunication services.

The demand for telephone service, the most striking feature of which was the increased demand for service in residences, continued to keep pace with provision by the Authority during a most difficult year.

II. ADMINISTRATION

(a) Meetings of the Authority.

During the year, five meetings of the Authority were held, four 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.

Mr. C. M. Lewis acted as Secretary to the Authority for two of its meetings in the year during the absence on leave of Mr. Fredk. Richardson.

(c) Departures.

Mr. D. A. Shepherd who was honoured in January 1959 in being admitted an Officer of the Order of the British Empire, left Cyprus to take up an appointment in Malta and, consequently, ceased to be a Member of the Authority. Mr. Shepherd had been closely associated with the business of the Authority since before its incorporation and the Authority would like to place on record its appreciation of the valuable assistance given by Mr. Shepherd to the deliberations of the Authority.

(d) Inauguration of Paphos Automatic Exchange.

On the 3rd January 1958, the Deputy Governor, Mr. G. E. Sinclair, C.M.G., O.B.E., was welcomed by the Deputy Chairman and Members of the Authority to a ceremony at which he officially inaugurated the automatic exchange at Paphos. The Deputy Governor and the distinguished gathering were subsequently entertained by the Authority. After the ceremony the Deputy Governor was conducted round the exchange and met the Authority's staff responsible for its installation and maintenance.

III. ENGINEERING PROGRESS & MAINTENANCE

Development of the Island's telecommunications services were steadily advanced throughout the year despite the abnormal conditions prevailing.

Good progress was made with the automatisation of the Larnaca Telephone network and the installation of the automatic exchange equipment.*

Additional subscribers' equipment was installed in Limassol for 400 lines and Famagusta for 600 lines thereby increasing the capacities of these exchanges to 1,625 and 1,645 lines respectively.

Equipment was provided on the trunk manual switchboards of Nicosia, Limassol and Famagusta to employ more trunk operators; this expansion permitted "on demand" trunk service for subscribers except at the peak hours.

A net addition of 780 direct exchange lines was connected to the system during 1958; this involved the connection of 1,501 new installations, 721 having been given up during the same period. Outstanding demands for telephone service as at 31st December amounted to 2,157 of which 1,488 were in Nicosia, 324 in Limassol, 141 in Famagusta, 128 in Larnaca** and 44 in Kyrenia.

* Larnaca automatic exchange was subsequently inaugurated during March, 1959.

** Eliminated in April 1959, following the installation of the Automatic Exchange.

As anticipated in the previous report, Shared Service was introduced. Towards the end of the year, it became possible to commence the installation of the new 2,600 lines automatic exchange for Nicosia. This is scheduled for completion in November 1959 after which, with the assistance of Shared Service, all outstanding demands for telephone service should be satisfied.

Further improvement of the service in rural areas resulted from the installation of unattended automatic exchanges in Kythrea for 50 lines and in Myrtou for 25 lines thereby extending to these towns a full 24 hours service. Another small automatic exchange was installed in Skarinou for 25 lines and will come into operation in 1959.

Additional public telephone kiosks were installed in Famagusta and Nicosia.

The modernisation of the inland telegraph service proceeded with the installation of multi-channel voice frequency telegraph equipment in Nicosia, Famagusta, Limassol and Larnaca and the latest type of teleprinters will come into use throughout the system in 1959.

Priority was given to the training of technical personnel and encouraging results were observed.

IV. FUTURE ENGINEERING DEVELOPMENT

Developments projected during 1959 include the installation of an additional automatic exchange of 2,600 lines in Nicosia and equipment for a further 450 lines connected to the existing exchange.

New automatic exchanges at Larnaca for 750 lines and at Lefka for 150 lines will be completed early in 1959.

Additional equipment will be installed at Paphos for 200 lines and Kyrenia for 200 lines.

With the early prospects of meeting outstanding demands for service in the urban areas, it will be possible to extend the benefits of 24 hours a day automatic telephone service to the rural areas.

Rural automatic exchanges are projected during 1959 at Kakopetria for 25 lines and Strovolo for 150 lines; the latter will release line plant to assist in satisfying waiting subscribers in Nicosia and make it possible to give Strovolo subscribers normal rates.

Projects are in course of preparation for the provision of automatic exchanges in 1960 in the rural centres of Platres, Lapithos, Lefkoniko, Zygi, Morphou, Polis and Stroumbi.

Towards the end of 1959, equipment will be installed in Nicosia, Famagusta, Limassol, Larnaca and Paphos exchanges to enable trunk operators to dial directly to the subscribers on distant exchanges without the intervention of the operator at that distant exchange. This will be the first step towards Subscriber Trunk Dialling with which subscribers will be able to dial directly to subscribers on other exchanges throughout the Island without the services of an operator.

V. FINANCE

(a) Borrowings.

The capital finance originally allocated by Government for the acquisition of the inland telecommunications undertaking and its development until the end of 1961 was £2,360,000. At the commencement of the year under review, the Authority had received £1,500,000 on long term borrowing until 1969/71. This long term fund was increased during 1958 by the provision of £400,000 until 1973/75.

In view of the unsettled political situation prevailing the Government found it necessary to resort to shorter term borrowings to ensure the continued development. As a result, this Authority issued 6% Telecommunications (First Issue) Stock in the amount of £100,000 redeemable between 1st January 1964 and 31st December 1968. It will be necessary, between 1959 and the redemption date, to provide from current revenue an annual amount to build up a Sinking Fund for the repayment of this loan.

With long term and short term borrowings currently totalling £1,994,914 there remains to be raised an amount of £360,000 to complete the original allocation of capital finance for acquisition and development until 1961.

(b) Operating Revenue.

The Authority's income for the year amounted to	£603,379
After deducting the operating expenses totalling	£402,016
			<hr/>
There remained an operating surplus of	£201,363
			<hr/>

As in the previous years, the Authority's income from its operations has increased. This year, the increase over the 1957 income was some £83,000. This figure is represented in the main by an increase of £40,000 in the Local Calls Revenue as the result of the reduction in the free local calls allowance, by an increase of £30,000 in Telegraph revenue derived from the transfer to the Authority of the management of the Nicosia Central Telegraph Office on 1st November 1957 and by increased revenue from the additional subscribers connected to the Authority's system during the year.

As regards Staff Costs, 1958 was the first full year of the increased staff benefits awarded by the Arbitration Tribunal in 1957; also a provision of £10,000 was made to meet the increased requirements of the proposed Superannuation Scheme. Prices for materials continued to rise and maintenance developed to meet the expanding system. Despite these tendencies, the Authority was able to restrict the increase in its operating costs to £36,000 over the full year. In consequence the operating surplus for the year rose by some £47,000.

(c) **Net Revenue.**

The operating surplus of	£201,363
Was augmented by sundry other income	£ 9,085
	<hr/>
Against this total income of	£210,448
There was incurred non-operating expenditure comprising	
Interest on Capital Borrowings	£95,527
Other Interest	£ 1,868
and Emoluments and Expenses of the	
Chairman and Members	£ 2,410
	<hr/>
Totalling	£99,805
And provision was made for	
Depreciation of Capital Assets in the amount of	£92,929
	<hr/>
After deducting these items totalling	£192,734
	<hr/>
There remained a surplus for the year amounting to	£ 17,714

As the result of additional capital being available, the interest charges rose, as did the provision for depreciation as more capital equipment was installed in the Authority's system. Despite these increases, the improved results from operations were such as to convert the previous year's deficit to a small surplus for the year.

The accumulated deficit since the Authority's incorporation was £46,560 and this amount has been reduced by some non-recurring items of income representing recoveries of departmental expenses incurred in previous years (£15,438). The surplus for the year further reduced the accumulated deficit by £17,714 and left an amount of £13,408 to be carried forward against future earnings.

Progress was continued towards eliminating past deficits and it is anticipated that this deficit will be eliminated in 1959.

(d) Balance Sheet.

The increased borrowings mentioned in (a) above brought the total borrowings of the Authority to £1,999,914 and this amount is represented by Fixed or Capital Assets at their net book value of £1,412,496, by the excess of Current Assets over Current Liabilities of £574,010 and the Aggregate Deficit of £13,408.

(e) Fixed Assets.

The amount of £1,297,341 representing the net book value of the Authority's Fixed Assets at 1st January 1958 was reduced by £26,692 being the net book value of the telephone installations at Dhekelia which were about to be sold to the Military Authorities. During 1958, a net amount of £258,969 was incurred as additional capital expenditure and £24,194 was recovered by way of Installation and Removal Fees. Depreciation was provided for in the amount of £92,929 and the net book value of the Fixed Assets at 31st December 1958 amounted to £1,412,495.

VI. STAFF

The year under review was a particularly difficult one as regards staff relationships because the inter-communal disturbances affected, for a time, the full employment of the Authority's multi-racial staff in the service to all sections of the community. Nevertheless, the co-operation amongst the employees was most gratifying.

Progress was made in implementing the Awards and Recommendations of the Arbitration Tribunal that were published in December 1957. Apart from the revised salary scales and increased leaves being put into force, joint Management Staff Committees were set up to deal with Selection and Promotion, Gradings of Employees and Accident Prevention and Safety. A post of Personnel Officer was created. A joint contributory scheme was introduced to provide medical facilities to the employees.

During the year the Turkish employees formed a Trade Union to represent their particular interests and to work in close liaison with the other existing Trade Union. The Cyprus Inland Telecommunications Turkish Employees' Union was accepted by the Authority as a negotiating body.

VII. CONCLUSION

With increasingly difficult conditions during the year, the work of maintenance

and expansion was hampered to a degree that was distressing to everyone and, not least, to the staff of the Authority. There was a marked reduction in the number of new subscribers it was possible to connect to the system and, by the end of the year, the waiting list had again increased. At the time of concluding this report, organised progress is again possible and the means are available to consolidate the work already accomplished towards maintaining efficiency and providing a fuller service.

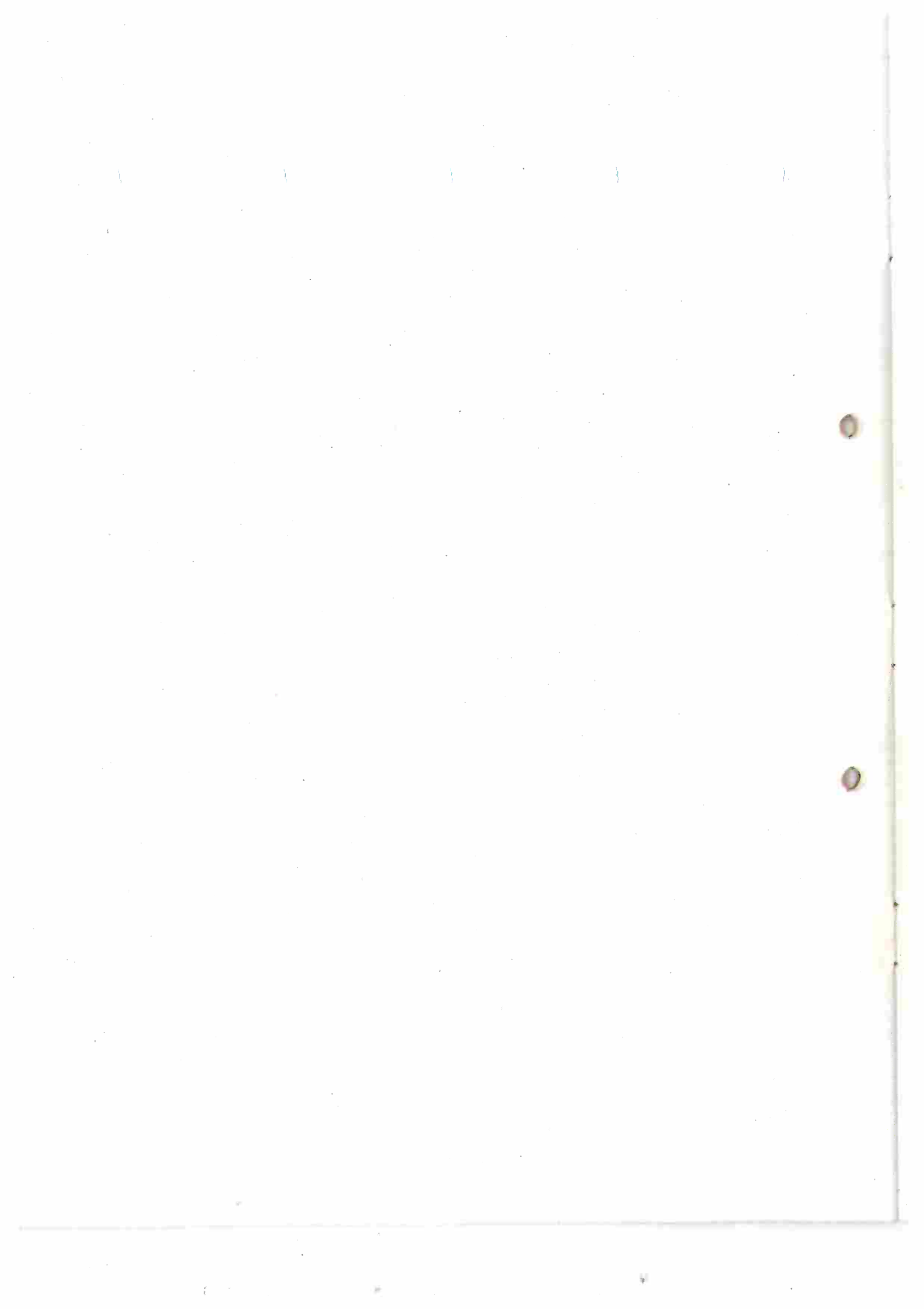
One feature affecting the financial outlook is the high proportion of the Authority's revenue which is, at present, derived from the Military but the Authority hopes that future conditions will stimulate the fullest possible use by the public of the facilities provided.

I am, Sir,

Yours obediently,

FREDK. RICHARDSON,

Secretary.



ACCOUNTS

**CYPRUS INLAND TELECOM
BALANCE SHEET AS**

1957 £	Capital Borrowings	£
1,749,914	Government of Cyprus	1,899,914
—	6% Telecommunications (First Issue) Stock (1964/1968) ..	100,000

Note:- Capital Commitments outstanding as at 31st December, 1958 amounted to approximately £73,000 (1957 £150,000)

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

£1,749,914

£1,999,914

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. the Balance Sheet and Operating and Revenue Accounts, which are in agreement with the December 1958 and of the surplus on Revenue Account for the year ended on that date.

Nicosia, 30th June, 1959.

MUNICIPATIONS AUTHORITY
AT 31st DECEMBER, 1958.

1957 £		£	£
1,297,341	Fixed Assets —At cost less Depreciation (Statement Attached) ..		1,412,495
	Current Assets		
214,090	Stocks in hand and in transit, as certified by Officials of the Authority	237,696	
165,754	Debtors, Prepayments and Deferred Revenue Expenditure	220,814	
164,781	Cash in Hand and at Bank	258,499	
544,625		<u>717,009</u>	
	Less Current Liabilities		
138,612	Creditors and Accrued Charges	<u>142,998</u>	
406,013			574,011
46,560	Revenue Account—Deficit		13,408
<u>£1,749,914</u>			<u>£1,999,914</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 In our opinion and to the best of our information and according to the explanations given to us books of account, give a true and fair view of the state of the Authority's affairs as at 31st

RUSSELL & CO.

Chartered Accountants.

**CYPRUS INLAND TELECOM
OPERATING ACCOUNT FOR THE**

1957 £		£	£
	Operating Costs:		
370,206	Total Staff Costs	399,627	
	Less Allocations to:—		
48,589	Capital	£47,150	
63,361	Maintenance	£86,153	
111,950		133,303	
258,256		266,324	
4,581	Agency Costs	—	
103,594	Maintenance and Other Operating Costs ..	135,692	
366,431			402,016
153,791	Operating Surplus Carried to Revenue Account		201,363
£520,222			£603,379

REVENUE ACCOUNT FOR THE

84,386	Interest and Financing Charges on Capital Borrowings		95,527
120	Other Interest		1,868
2,079	Emoluments and Expenses of Chairman and Members		2,410
86,886	Depreciation on Fixed Assets		92,929
—	Balance being Surplus for the year, carried down		17,714
£173,471			£210,448
46,564	Balance at 1st January, 1958		46,560
15,041	Deficit for the year, brought down		—
£61,605			£46,560

MUNICIPAL AUTHORITY
YEAR ENDED 31st DECEMBER, 1958.

1957 £		£	£
	Telephone Income		
284,109	Rentals	304,728	
141,967	Trunks	136,416	
61,220	Local Calls	101,708	
1,849	Radiotelephones	2,341	
3,218	Miscellaneous	1,062	
492,363			546,255
27,859	Telegraph Income		57,124
<u>£520,222</u>			<u>£603,379</u>

YEAR ENDED 31st DECEMBER, 1958.

153,791	Operating Surplus from Operating Account	201,363
	Other Income:	
835	Rents	2,922
3,804	Bank and Other Interest	6,163
15,041	Balance, being Deficit for the year, carried down	—
<u>£173,471</u>		<u>£210,448</u>
—	Surplus for the year, brought down	17,714
15,045	Departmental and Other Expenses recovered in respect of prior years	15,438
46,560	Balance carried to next account	13,408
<u>£61,605</u>		<u>£46,560</u>

**CYPRUS INLAND TELECOM
STATEMENT OF FIXED ASSETS**

As at 1st January, 1958.

	Cost less Discards plus Additions	Depreciation	Written down book value
	£	£	£
Land and Buildings	183,540	17,054	166,486
Telephone Exchanges, Subscribers Circuits and Trunks Services	1,442,772	346,460	1,096,312
Motor Vehicles and Mechanical Equipment ..	28,007	13,057	14,950
Furniture, Fixtures, Fittings and Office Equipment	24,686	7,873	16,813
Telegraph Electrical Equipment	6,457	3,677	2,780
Loose Tools	8,639	8,639	—
Miscellaneous Capital Assets	3,880	3,880	—
	<u>£1,697,981</u>	<u>£400,640</u>	<u>£1,297,341</u>

Note:- 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	£995,977
Depreciation	£182,375
	<u>£813,602</u>

2. During 1958 Cost of Dhekelia Installation was transferred from Fixed Assets to "Military Works in Progress" preparatory to sale to Military Authorities.

MUNICIPATIONS AUTHORITY
AS AT 31st DECEMBER, 1958.

<u>During 1958</u>				<u>As at 31st December, 1958.</u>		
Transfer to Military Works in Progress	Additions less Discards 1958	Depreciation on discarded Assets	Depreciation 1958	Cost less discards plus additions	Total Depreciation	Written down book value
£	£	£	£	£	£	£
—	2,735	—	3,196	186,275	20,250	166,025
26,692	230,195	—	82,314	1,646,275	428,774	1,217,501
—	3,480	2,474	5,110	24,527	15,693	8,834
—	2,851	—	2,065	27,537	9,938	17,599
—	—	—	244	6,457	3,921	2,536
—	—	—	—	8,639	8,639	—
—	—	—	—	3,880	3,880	—
<u>£26,692</u>	<u>£232,301</u>	<u>£2,474</u>	<u>£92,929</u>	<u>£1,903,590</u>	<u>£491,095</u>	<u>£1,412,495</u>

