



CYPRUS

INLAND

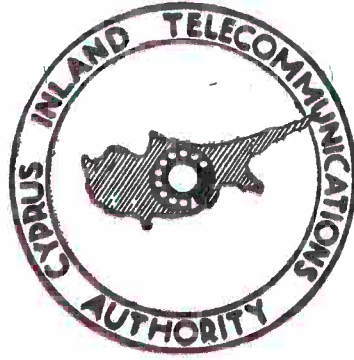
TELECOMMUNICATIONS
AUTHORITY

FIFTH ANNUAL REPORT
AND ACCOUNTS

FOR THE

YEAR ENDED 31st DECEMBER, 1959.

(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., 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

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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

Fifth 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 Fifth Annual Report of the Authority for the year ended 31st December, 1959.

I. INTRODUCTION

This report deals with the fifth year of operation and development of the telecommunications services by the Authority.

The development of the telephone system, planned within the financial resources of the Authority, continued satisfactorily and a high standard of service was maintained. The popularity of the service increased accordingly and the number of new applicants resulted in only a small reduction in the waiting list.

The Authority is satisfied that the operation and expansion of the service are being carried out efficiently and economically. The continuing demand for service clearly indicates the need for new capital when that is available.

As in most other countries, the inland telegraph system operates at a loss. Although modern methods of teleprinter working have been adopted, some years must elapse before staff economies can be fully effective.

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 and one under the Deputy Chairman of the Authority Mr. G. W. Portsmouth.

(b) Departures.

On the 30th of December Messrs. O. G. Chakarian, J. Christofides, Ramadan Jemil and C. D. Severis completed their 5 year term of appointment as members of the Authority. They were among the first members appointed at the incorporation of the Authority and their valuable services in guiding the establishment and development of the Authority during its formative years, particularly under the circumstances prevailing in Cyprus, are noteworthy.

(c) Inauguration of Larnaca Automatic Exchange.

On the 14th of March 1959, before a distinguished gathering, the Deputy Governor Mr. G. E. (now Sir George) Sinclair, was welcomed by the Deputy Chairman and Members of the Authority to a ceremony at which he officially inaugurated the exchange by making a call to His Excellency the Governor at Government House, Nicosia.

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

During the year under review, steady progress was maintained in the expansion of the island's telephone network. Automatic exchanges were installed in Larnaca (750 lines) and Lefka (150 lines) while extensions were made to the existing exchanges of Nicosia (2600 lines), Paphos (200 lines) and Kyrenia (200 lines).

During the year 2481 direct exchange lines were connected to the telephone system, and 1014 were given up, leaving a net increase of 1,467 telephone subscribers. Outstanding demands for telephone service as at 31st December amounted to 1902 of which 1453 were in Nicosia, 213 in Limassol, 144 in Famagusta, 38 in Larnaca and 9 in Kyrenia.

Progress made in the rural areas included the installation of automatic telephone

exchanges in Skarinou (25 lines), Kakopetria (25 lines) and the extension to 24 hours of a public automatic service for the communities of Kiti, Xylotymbou, Kondemenos, Skylloura, Asha, Mandria, Lakatamia, Kophinou, Zygi, Lefkara, Kalavasso, Pyrga, Assomatos, Akhna, Pelendria, Palekhor, Paleometoch and Eylandja.

A two position telephone exchange was installed in Nicosia to meet the increasing demands for radio-communication with countries overseas.

Progress with the modernisation of the public telegraph system was maintained. Teleprinter equipment was installed in all the Authority's principal urban and rural offices.

IV. FUTURE ENGINEERING DEVELOPMENT

A very high proportion of the present day demands in the main towns is for residences from which it could appear that the telephone is rapidly becoming an essential amenity in the home.

The Authority's concern is to satisfy as far as possible the waiting list of demands for telephone service in the urban areas whilst giving due attention to the ever increasing needs of the rural communities.

Development projects for completion during 1960 comprise the installation of automatic exchanges in Strovolo (200 lines), Platres (150 lines), Rizokarpas (25 lines), Yialousa (25 lines) and Trikomo (25 lines).

Projects are in hand for the installation during 1961 of automatic exchanges at Morphou (200 lines), Lapithos (150 lines) and Lefkoniko (25 lines).

Voice Frequency Dialling Equipment, which will enable a trunk operator to dial a subscriber in a distant exchange without the assistance of the distant exchange operator is being installed in the towns of Nicosia, Limassol, Famagusta, Larnaca, Papho, Kyrenia and Morphou and will be completed during 1961.

V. FINANCE

(a) Borrowings

At the beginning of the year £1,999,914 had been borrowed in both long and short term loans against the £2,360,000 originally allocated by Government for the acquisition of the System and its development from 1955 to the end of 1961.

In August a further long term loan of £200,000 was received from Government and in April an amount of £100,000 worth of stock was issued, thus increasing all forms of Capital borrowing to £2,299,914.

The Capital structure at the end of the year was :

(i) **Long Term**

Government Loan (1969/71)	£1,499,914	
Government Loan (1973/75)	400,000	
Government Loan (1973/75)	200,000	£2,099,914
		<hr/>
		£2,099,914

(ii) **Short Term**

6% Telecommunications 1st Issue Stock (1964/68)	£100,000	
3% Telecommunications 2nd Issue Stock (1963)	£100,000	£200,000
		<hr/>
		<u>£2,299,914</u>

The additional borrowings have increased the interest charges and this was the first year that provision had to be made for the redemption of the total of £200,000 Stock issued.

(b) **Operating Revenue**

The Authority's Income for the year amounted to	£665,946
which, after deduction of Operating Expenses of	410,312
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resulted in an operating surplus of	<u>£255,634</u>

The Operating Income derived from the system increased by £62,567 over that of 1958, Telephone Income increasing by £66,581 but Telegraph Income decreasing by £ 4,014

Rentals increased by	£40,768
Local Calls increased by	£12,308
Trunk Calls increased by	£13,190

The tariff remained unchanged throughout the year and the above increases are mainly attributed to the increased number of subscribers connected to the system.

Operating Expenses increased by £10,271. This however, is a net figure, the result of some considerable increases, for example £43,699 for gross staff salaries and wages, against decreases in other respects, notably £29,363 more Staff Costs allocated to Capital Works and Maintenance and £12,303 less required for Provisional Pension Fund liability, the 1958 provision having included an amount relative to previous years for back credits. Other than Staff, the increase in Operating

Costs was kept to the relatively small figure of £2,412 despite the rising price of materials and services and the natural rise in maintenance costs on an expanding system.

(c) Net Revenue

To the Operating Surplus of	£255,634	
was added Sundry other Income of	15,248	
		<hr/>	
which made a Total Income of		£270,882
Non-operating expenditure incurred in respect of :			
Interest on Capital Borrowings	£113,630	
Other Interest	184	
Emoluments and Expenses of Chairman and Members		2,138	
Miscellaneous Financial Expenses	426	
		<hr/>	
		£116,378	
and Provision for Depreciation of Capital Assets	.	102,062	
		<hr/>	
made a total to be deducted of		£218,440
			<hr/>
which resulted in a surplus for the year of		<u>£52,442</u>

The additional Capital Borrowings resulted in increased Interest Payments to the extent of £17,858 over the 1958 figure and the effect of the installation of new equipment in the system resulted in an increase in the annual depreciation charge. However, the expansion and continuing modernisation of the system enabled a surplus for the year to be realised for the second year running.

At the beginning of the year an accumulated deficit of £13,408 was brought forward as the net result of previous operations. When the surplus for the year was brought into account together with certain transactions relating to prior periods, this overall deficit was turned into a surplus. However an amount of £33,000 had to be provided towards the eventual redemption of the stock issued, which resulted in a balance on Net Revenue Account of £14,634.

(d) Balance Sheet

The Capital Structure of £2,099,914 shewn in the Balance Sheet, together with Short Term Loans of £200,000, Provisions and Current liabilities of £174,348 and the Balance on Net Revenue Account of £14,634 totalled £2,488,896 which is represented by Fixed Assets at net book value of £1,511,271 and Current Assets of £977,625.

(e) **Fixed Assets**

At the 1st January the net book value of the Authority's Fixed Assets was £1,412,495. During the year a net amount of £230,270 was incurred as additional Capital Expenditure against which £29,432 was recovered in Installation and Removal Fees. After providing Depreciation for the year in the amount of £102,062 the resulting net book value of the Fixed Assets at the 31st December was £1,511,271.

VI. STAFF

Following the difficulties in the first half of the year, it is gratifying to note that relations between Staff and Management are good and progressive. This is largely due to the very helpful intervention of the Interim Ministry of Communications and Works during the last 5 months which helped to restore a mutual attitude of co-operation essential to fruitful negotiations. The Joint Consultation Machinery within the Authority is working well towards the elimination of difficulties and complaints.

VII. CONCLUSION

The end of the emergency brought welcome relief from some of the problems affecting the maintenance of an efficient service though the industrial dispute in the summer did detract somewhat from that organised progress for which hope was expressed in last year's report. Nevertheless an efficient service was maintained and the development programme included some important additions to the facilities placed at the disposal of the public. The calling rate by residential subscribers is below the economic level for which the equipment was planned; satisfying the waiting list and extending the service in rural areas by new capital expenditure will aggravate the position unless fuller use is made of the facilities provided.

We are, Sir,

Yours obediently,

J. A. SMALE,

Chairman.

G. W. PORTSMOUTH, General Manager.

ACCOUNTS

**CYPRUS INLAND TELECOM
BALANCE SHEET AS**

1958 £		£	£
	Capital Borrowings		
1,899,914	Government of Cyprus	2,099,914	
100,000	6% Telecommunications (First Issue) Stock 1964/68	100,000	
—	3% Telecommunications (Second Issue) Stock 1963	100,000	
1,999,914			2,299,914
13,408	Net Revenue Account		14,634
—	Provision for Redemption of Stock		33,000
	Current Liabilities and Provisions		
142,998	Creditors, Accrued Charges and Provision		141,348
	 Note:- Capital Commitments Outstanding as at the 31st December, 1959 amounted to approximately £55,000 (1958 £73,000).		
	J. A. SMALE, <i>Chairman</i>		
	C. M. LEWIS, <i>Chief Accountant.</i>		
£2,129,504			£2,488,896

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 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, 1959 and of the surplus on Revenue Account for the year ended on that date.

Nicosia, 18th July, 1960.

MUNICATIONS AUTHORITY**AT 31st DECEMBER, 1959.**

1958 £		£	£
	Fixed Assets		
1,412,495	At Cost less Depreciation (Statement attached)	1,511,271
	Current Assets		
237,696	Stocks in Hand and in Transit, as certified by Officials of the Authority	175,266	
220,814	Debtors, Prepayments and Deferred Revenue Expenditure	199,195	
—	Cash on Fixed Deposits	420,000	
258,499	Cash at Bank, in Hand and in Transit	183,164	
717,009			977,625

£2,129,504£2,488,896**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 as 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**

1958 £		£	£
	Staff Costs		
400,792	Salaries, Wages and Allowances	438,014	
	<i>Less: Allocations to:—</i>		
47,150	Capital	£68,694	
86,153	Maintenance of Establishments and System	<u>£93,972</u>	
<u>133,303</u>		162,666	
267,489			275,348
21,514	Establishment Expenses		22,291
104,628	System Operational Expenses		103,373
6,410	Administrative Expenses		9,300
203,338	Operating Surplus carried to Revenue Account		<u>255,634</u>
<u>£603,379</u>			<u>£665,946</u>

REVENUE ACCOUNT FOR THE

1958 £		£	£
95,527	Interest and Financing Charges on Capital Borrowings		113,630
1,868	Other Interest		184
2,409	Emoluments and Expenses of Chairman and Members		2,138
92,929	Depreciation on Fixed Assets		102,062
1,976	Miscellaneous Financial Charges		426
17,714	Balance, being Surplus for the year, carried down		<u>52,442</u>
<u>£212,423</u>			<u>£270,882</u>
46,560	Balance as at 1st January, 1959		13,408
—	Provision for Redemption of Stock		33,000
—	Balance carried to next account		<u>14,634</u>
<u>£46,560</u>			<u>£61,042</u>

MUNICIPAL AUTHORITY

YEAR ENDED 31st DECEMBER, 1959

1958 £		£	£
	Telephone Income		
304,728	Rentals	345,496	
136,416	Trunks	149,606	
101,708	Local Calls	114,016	
2,341	Radiotelephones	2,648	
1,062	Miscellaneous	1,070	
<u>546,255</u>			612,836
57,124	Telegraph Income		53,110
<u>£603,379</u>			<u>£665,946</u>

YEAR ENDED 31st DECEMBER, 1959

1958 £		£	£
203,338	Operating Surplus from Operating Account		255,634
	Other Income:-	£	
2,922	Rents	2,805	
6,163	Bank Interest	12,443	15,248
<u>£212,423</u>			<u>£270,882</u>
17,714	Surplus for the year brought down		52,442
15,438	Net Receipts relating to Prior Years		8,600
13,408	Balance carried forward		—
<u>£46,560</u>			<u>£61,042</u>

**CYPRUS INLAND TELECOM
STATEMENT OF FIXED ASSETS**

As at 1st January, 1959

	Cost less Discards plus Additions	Depreciation	Written down book value
	£	£	£
Land and Buildings	186,275	20,250	166,025
Telephone Exchanges, Subscribers Circuits and Trunks Services	1,646,275	428,774	1,217,501
Motor Vehicles and Mechanical Equipment	24,527	15,693	8,834
Furniture, Fixtures, Fittings and Office Equipment	27,537	9,938	17,599
Telegraph Electrical Equipment	6,457	3,921	2,536
Loose Tools	8,639	8,639	—
Miscellaneous Capital Assets	3,880	3,880	—
	<u>£1,903,590</u>	<u>£491,095</u>	<u>£1,412,495</u>

Note:- Included in the figures of Cost and Depreciation are the original cost less discards of Fixed Assets taken over from and depreciation previously provided by Cable and Wireless Limited as follows:—

Cost	£977,805
Depreciation	£169,856
	<u>£807,949</u>

MUNICIPAL AUTHORITY

AS AT 31st DECEMBER, 1959

During 1959			As at 31st December, 1959		
Addition less Discards	Depreciation on Discarded Assets	Depreciation	Cost less Discards plus Additions	Total Depreciation	Written down book value
£	£	£	£	£	£
8,011	—	3,350	194,286	23,600	170,686
185,548	—	91,591	1,831,823	520,365	1,311,458
4,290	—	4,587	28,817	20,280	8,537
2,989	—	2,290	30,526	12,228	18,298
—	—	244	6,457	4,165	2,292
8,639	8,639	—	—	—	—
3,880	3,880	—	—	—	—
<u>£188,319</u>	<u>£12,519</u>	<u>£102,062</u>	<u>£2,091,909</u>	<u>£580,638</u>	<u>£1,511,271</u>

