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1965

Cyprus

Telecommunications

Authority

CYPRUS TELECOMMUNICATIONS AUTHORITY

**TENTH ANNUAL REPORT
AND ACCOUNTS**

FOR THE YEAR ENDED

31st December, 1965.

[Price 50 mils]

CYPRUS TELECOMMUNICATIONS AUTHORITY

Head Office
P. O. Box 1929
NICOSIA.

15th September, 1966

Your Excellency,

In pursuance of Section 22 of the Telecommunications Service Law, 1954, and the Amended Service Law of 1963, Section 3(2), I have the honour to submit herewith the 10th Annual Report and Accounts of the Cyprus Telecommunications Authority, for the year ended 31st December, 1965, together with a copy of the Auditors' Report.

Yours faithfully,

J. CL. CHRISTOPHIDES,
Chairman.

His Excellency
The Minister of Communications
and Works,
Mr. T. Phanos.
Nicosia.

THE AUTHORITY

Chairman :

N. M. MILTIADOU, F.A.C.C.A. *

Vice - Chairman :

A. GURSOY

Members :

J. CL. CHRISTOPHIDES, Barrister-at-Law

V. DEMETRIOU, B.Sc., (Engineering)

S. JOANNOU

N. ROUSSOS, Civil Engineer, Graduate of
Technical University of Athens

K. ZIVER, M.D.

Legal Adviser: A. C. Hjoannou,

Degree in Law of Athens University,
of Gray's Inn, Barrister-at-Law.

Auditors: Metaxas, Loizides, Christofides & Scottis.

* The Chairman of the Authority Mr. N. Miltiadou, resigned in December, 1965 and Mr. J. Cl. Christophides was appointed as Chairman as from January, 1966.

ADMINISTRATION

General Manager :

A. N. STYLIANIDES, B.Sc., M. - A.S.M.E.

Secretary :

S. A. KOKKINIDES, Cert. Soc. Science & Admin. L.S.E. -
University of London.

Chief Accountant :

M. E. CHRISTOFIDES, F.A.I.A.

Chief Engineer :

J. K. HOME, C.Eng. A.M.I.E.E. *

Head Office: Electra House, 1, Museum Street, Nicosia.

Telephone : 77111.

Branches:

LIMASSOL	— 4, Marcos Botsaris Street	Tel. 2500
FAMAGUSTA	— Edison Street	Tel. 2500
LARNACA	— 7, Lord Byron Street	Tel. 2279
PAPHOS	— 36, Adonis Street	Tel. 2148
KYRENIA	— 5A, 28th October Avenue	Tel. 438
LEFKA	— Lefka	Tel. 459
MORPHOU	— 18, 25th March Street	Tel. 5555

* Appointed as from November, 1965.

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INTRODUCTION

The Cyprus Telecommunications Authority has been established in accordance with Law 302 No. 67 of 1954 under the name of Cyprus Inland Telecommunications Authority and provided and maintained the inland telecommunications services until April, 1961, when it assumed responsibility for the Overseas Telecommunications services as well.

Since then, various amendments to the original Law were made, the most material one being that of 1963, published in the Official Gazette of the Republic No. 250 of 16th May, 1963, which regulates the authority of the Minister of Communications and Works over the activities of the Authority. The Authority, however, remains a corporate body with the responsibility of providing, maintaining and developing a comprehensive telecommunications system locally and overseas and is answerable to the Council of Ministers through the Minister of Communications and Works.

During the year under reference, almost the same difficult conditions of 1964 prevailed and those Turkish employees who had left the service at the end of 1963 continued to be away from duty for the whole of 1965.

During the year, the members of the Authority had 25 meetings.

The expansion and modernisation of the service has been very actively pursued and the Authority managed to establish the prerequisites, which are expected to be conducive to the success of its efforts.

STATEMENT 'A'

CYPRUS TELECOMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS FOR THE LAYMAN

How the Authority Operated During the Year 1965

	£
The Income from the Authority's Operation was ..	1,215,207
Other Income	16,352
	<hr/> 1,231,559

The Expenses were :

Total Salaries and Allowances	798,106
Less: Utilised for Development 110,677	
Utilised for Repayment Works 63,918	
	<hr/> 174,595
Administration, Operating and Maintenance Salaries	623,511
Other Administration Expenses ..	20,327
Maintenance of the Equipment ..	14,468
Electricity, Insurances, Rates etc. ..	26,954
Members' Travelling Expenses ..	500
Interest and Financing Charges on Borrowings	160,245
Interest to Suppliers	8,473
Amounts set aside for wearing out of the Equipment (Depreciation)	186,901
Provision for Doubtful Debts	15,329
Miscellaneous Financial Charges	2,657
	<hr/> 1,059,365
Resulting in a Revenue Balance for the year of	<hr/> £ 172,194 <hr/>

STATEMENT 'B'

CYPRUS TELECOMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS FOR THE LAYMAN

What was the Authority's Position at the End of the Year

HOW THE AUTHORITY WAS FINANCED

	£
Borrowings from Government	2,476,773
Surpluses from past years' Operations	425,961
Surplus from this year's Operation	172,194
Total Financing	<u>3,074,928</u>

WHAT THE AUTHORITY OWNED

Land, Buildings, Plant & Machinery on 1.1.1965	3,990,023
Spent for Development in the year 381,049	
Less: Installation Fees Recovered 26,618	
	<u>354,431</u>
	4,344,454
Less: Disposals	4,783
Total: 31.12.1965	<u>4,339,671</u>
Set aside over past years and this year to meet wearing out of the Equipment ..	1,467,308
	<u>2,872,363</u>
Materials in Stores	380,223
Money owed to the Authority by Subscribers and debit Balances	355,244
Cash in Hand and at Bank (Current Account)	93,725
Cash on Fixed Deposits with Banks	311,566
So altogether the Authority's Belongings were	<u>4,013,121</u>

WHAT THE AUTHORITY OWED

To various Suppliers for Equipment, Services	258,217
To provision for Staff's "Superannuation Back Service Credits"	30,000
To Government for past years' and this year's Interest on Borrowings ..	649,976
	<u>938,193</u>

The difference between WHAT THE AUTHORITY OWNED and WHAT THE AUTHORITY OWED was the Authority's Net Property financed as above ..	<u>3,074,928</u>
---	------------------

3. TECHNICAL SERVICES

A. GENERAL

The emphasis in the technical services was on laying the foundation for the conversion of the service into full automatic by the introduction in due course of the Subscribers Trunk Dialling System, for the establishment of the Telex System and for the improvement of all overseas telecommunications.

Acute shortage of qualified staff was experienced and due to this reason and those mentioned above, the Authority was not in a position to cope with subscribers' demands for the provision of telephone service to the degree that it had wished to do. The main activities of the Technical Services during the year are described below.

B. PLANNING AND DEVELOPMENT

The Planning Services of the Authority prepared plans for the implementation of decisions taken by the Authority in connection with the full automatization and modernisation of the telecommunication services both locally and internationally, parallel to the system's expansion. The practical efforts of the Authority in planning for its future development are the following :-

I. Subscribers Trunk Dialling System.

Initial consideration was given for the introduction of the Subscribers Trunk Dialling system, a service through which the public will be in a position to dial and be connected directly and automatically to any telephone in the Island, without the intervention of the telephone operators.

II. Telex Service.

Plans were completed and orders placed for the introduction of an Island--wide telex network with facilities for automatic connection of national and international telex calls. This is estimated to be installed late in 1967.

For this particular project the services of Messrs. Preece, Cardew and Rider, International Consultants, London, were used.

III. Cyprus - Greece Communications.

The means of improving the High Frequency communication between Cyprus and Greece were given detailed consideration in co-operation with the Hellenic Telecommunications Organisation (OTE) and technical proposals were formulated and tenders invited for the

installation of a Tropospheric Scatter radio link between Cyprus and Greece to provide a maximum of 60 telephone channels. This link is estimated to be commissioned in the Autumn of 1967.

IV. Plans for Urban and Rural Development.

In order to increase the capacity of the telephone exchanges so that demands from the public for telephone service may be more readily met, estimates were completed and orders for equipment placed for the following projects :-

I. URBAN DEVELOPMENT

(a) Nicosia

- (i) New satellite exchange on the Athalassa Avenue for the purpose of providing additional telephone service to the following areas :

Strovolos	Acropolis
Dhasoupolis	Lakatamia

and nearby areas.

- (ii) New satellite exchange at Pallouriotissa for the purpose of providing additional telephone service to the following areas :

Pallouriotissa	Neapolis
Kaimakli	Trachonas

and nearby areas.

- (iii) New exchange at the Civil Airport Terminal for the purpose of serving the Airport and nearby rural areas.
- (iv) Improvement to the Nicosia Central Exchange for the purpose of connecting additional lines.

When the above are completed, it is expected that the demand for new telephones and other telecommunication services will be met effectively and all the services will be improved to a high standard.

(b) Famagusta

Orders were placed for the equipment for the purpose of increasing the capacity of the Central Telephone Exchange and lines to meet the demand for the provision of additional telephones and for the improvement of the service in general.

2. RURAL DEVELOPMENT

The following Rural Automatic Exchanges have been planned to be increased in capacity to meet outstanding telephone demand as well as to enable completion of the Authority's programme of providing gradually communal telephones to the villages of Cyprus:

Kakopetria	Deftera	Stroumbi
Lyssi	Dhali	Paralimni
Trikomo	Peristerona	Athienou
Lapithos	Kythrea	

C. CONSTRUCTION

I. Exchange Construction.

This Section of the Authority deals mainly with the installation of automatic and other types of exchanges in the island. The following comparative chart indicates the telephone exchanges installed in the years 1963, 1964 and 1965.

Type of Equipment	1963		1964		1965	
	No.	Capacity	No.	Capacity	No.	Capacity
Main towns' Auto Telephone Exchanges	7	19325	8	20825	6	19965
Private Automatic Exchanges	32	2768	34	2918	37	2988
Private Manual Exchanges	495	5967	560	7536	620	8736
Rural Exchanges	48	3495	41	3395	41	3445
Mobile Exchanges	—	—	1	100	1	100

II. Underground Construction.

This Section deals with the construction of manhole and duct systems. Underground network exists particularly in the main towns, and covers about 85% of the telephone network. The following table gives comparative details of the construction work carried out during the years 1963, 1964 and 1965.

ITEM		1963	1964	1965	Total as at the end of 1965
Manholes Constructed	No.	19	31	103	—
Duct lines laid	Miles	24	15	21.5	—
Cable laid/drawn	Miles	57	41.5	41.1	697.6
Above cable in single wire	Miles	13,440	10,439	11,038	110,988

III. Overhead Construction.

The erection of the heavy overhead trunk routes and the lines for the connection of village telephones, the erection of poles in the towns, the distribution of lines to subscribers' houses when such distribution is required to be done overhead, the overhauling and maintenance of overhead routes are the responsibility of the Overhead Construction Section.

The table below gives comparative Overhead figures of the work for 1963, 1964 and 1965.

ITEM		1963	1964	1965	Total as at the end of 1965
Pole routes installed	Miles	49	19	23	1078
Single Wire installed	"	405	229	237	13,205
Pole routes overhauled	"	260	164	238	
Single wire overhauled	"	3450	1200	4600	

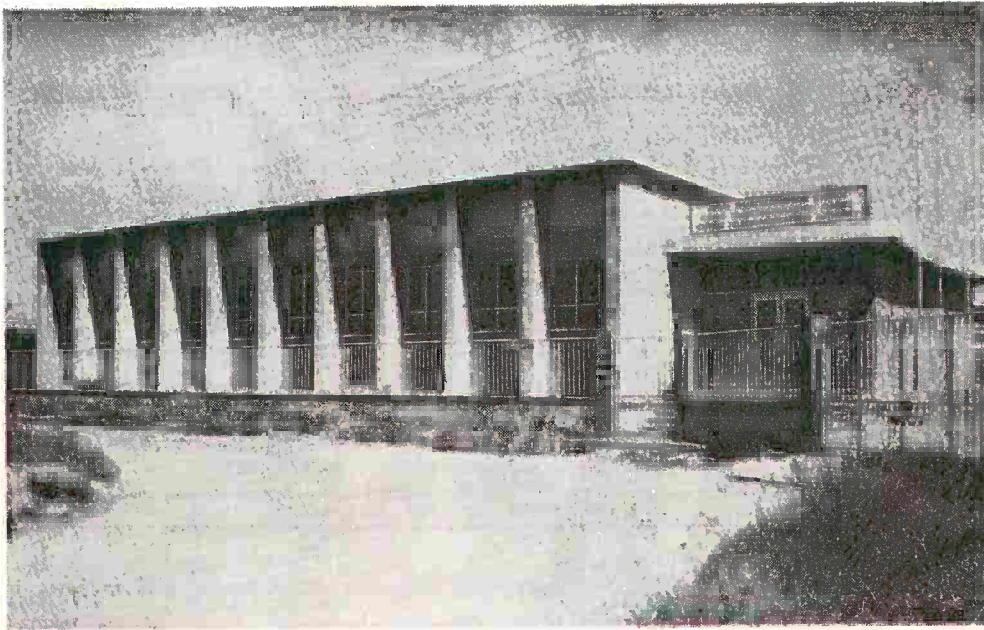
IV. Subscribers' Installations.

The construction of big blocks of flats and offices has necessitated the pre-wiring of such buildings, so that telephone installations when requested could be easily and speedily effected.

The position regarding applications for telephone service, was as below :-

Outstanding applications for telephone installations as at the end of 1964	1074
New applications received during the year	2289
Telephones installed (Also 860 additional instruments installed, such as extensions, parallel telephones etc.)	1815
Applications cancelled during the year as installations not required ..	138
Balance waiting list as at the end of 1965	1410

The waiting list growth is mainly the result of additional responsibilities undertaken by the Authority for the provision of full inland telephone and telegraph services, to the National Guard and the United Nations Force in Cyprus, as well as to the British Sovereign Areas. The number of connections effected for the above are not included in the statistics given.

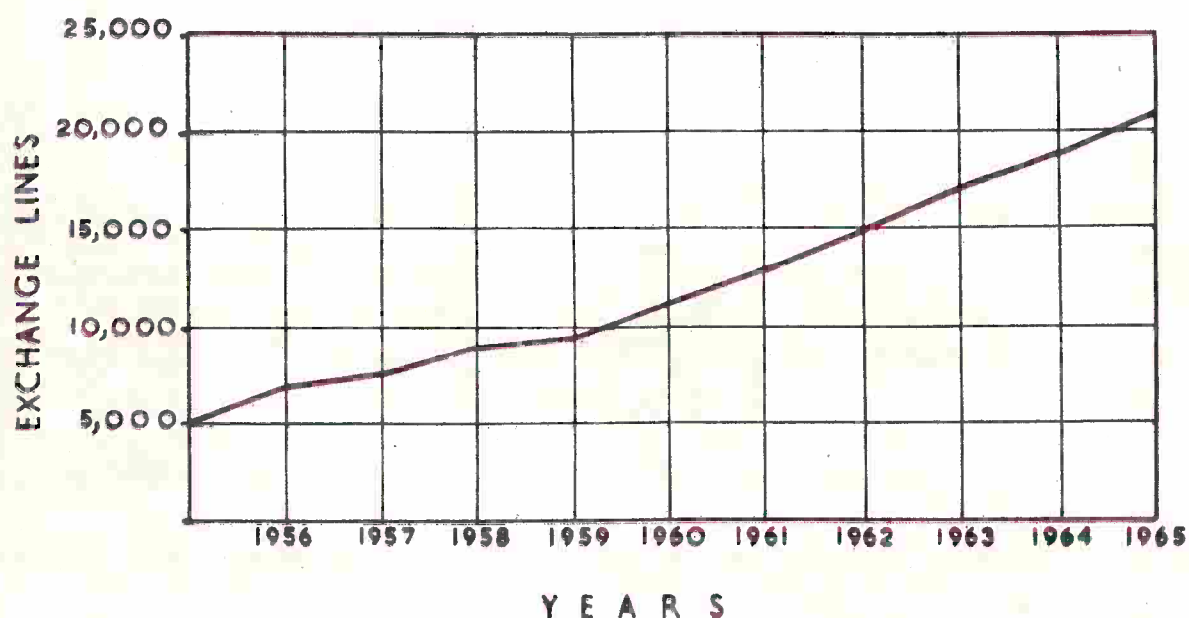


Limassol Satellite Exchange.



Typical Rural Exchange Building.

GROWTH OF DIRECT EXCHANGE LINES INSTALLATION



V. Communal Installations.

During the year under review, the under-mentioned villages were connected by telephone under the Authority's programme.

Vizakia	Kato Mylos	Goudhi
Potami	Dhymes	Pano Akourdalia
Gaidouras	Dhoros	Kato Akourdalia
Potamitissa	Kato Platres	

The installation of communal (village) telephones requires heavy capital outlay highly disproportionate to the revenue accrued to the Authority (monthly rental paid 500 mils). Therefore, the future installation of village communal telephones will depend on funds available.

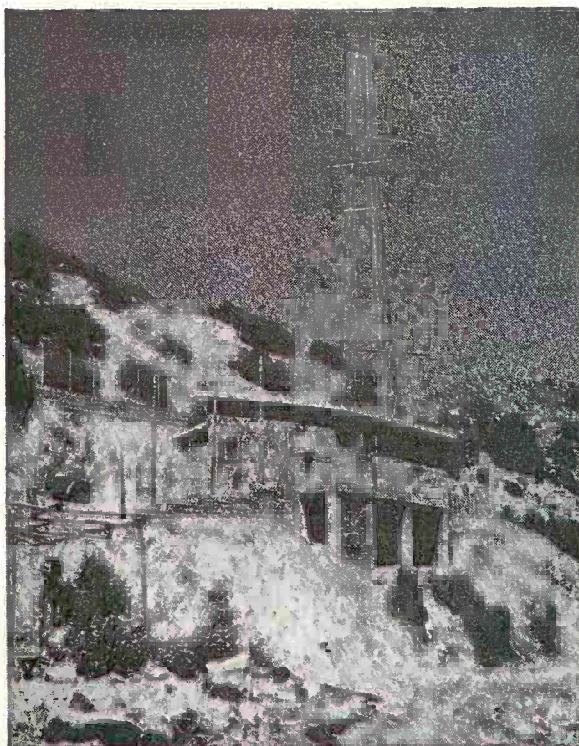
VI. Repeater Stations.

During 1965 the Yaila and Madhari Repeater Stations which were in the progress of completion in 1964, were commissioned. This has resulted in a great improvement of the service between Cyprus/Lebanon and Cyprus/Israel, and communication between Cyprus and

Yailas Repeater Station.



Madhari Repeater Station.



the above-mentioned two countries is now available 24 hours a day, seven days a week.

The above repeater stations will also assist in the future, to the general improvement of Inland services, through Radio links.

During 1965, the Inland repeater station at Amiandos was moved to Madhari, and thus the Nicosia - Limassol Inland Radiotelephone services, are now operating via the Madhari Repeater Station.

D. MAINTENANCE

This Department is responsible for the maintenance of all the operating exchanges and equipment of the Authority.

The average analysis of fault per circuit throughout Cyprus was 1.2 and all faults were promptly dealt with.

I. Emergency Alternators.

The Emergency standby generating sets installed in every telephone exchange, have proved most satisfactory in keeping telecommunication services going, in cases of electricity interruptions.

II. Workshops.

The Authority's Engineering Workshops carry out repairs to the switchboards, the telephones and dials and also make stock items used in line plant such as metal frames, cable runways, antennae etc. They also carry out the maintenance of the Authority's buildings and furniture and make a variety of items pertaining to the services of the Authority.

III. Transport.

The Authority maintained its own mobile fleet of 81 vehicles for providing transport facilities to all services. During the year, the Authority's fleet has covered 760,881 miles and consumed 34,765 gallons of petrol and 4,990 gallons of diesel fuel. The average cost per mile, including all running and maintenance expenses and depreciation, but excluding the drivers' wages is £0.018 mils.

E. GENERAL TELECOMMUNICATION FACILITIES

I. VHF Inland Radiotelephone Services.

An increasing demand has been experienced for this Service, which is being rented to the Public on permanent or temporary hire basis and the Authority is considering the possibility of a nationwide or at least a more elaborate system in order to meet the increasing requirements.

II. Voice Casts.

(Programmes for Broadcasting Stations abroad)

	1963	1964	1965
Number of Voice Casts	52	1490	35
Number of minutes	900	21243	1039

III. Facsimile (Radio Pictures).

Received	51	79	92
Forwarded	94	1302	140

IV. Outside Broadcasts.

The Authority's services and plant have been made available to Broadcasting Organisations both in Cyprus and abroad for effecting outside broadcasts from any point in Cyprus. Such broadcasts include church services, theatrical performances, fairs, Christmas festivities, football matches, parades and other events. During 1965 the Authority provided lines for effecting the following outside broadcasts :-

(i) Outside broadcasts within Cyprus	77
(ii) Outside broadcasts for overseas	7

V. Civil Aviations Signals.

These services are operated by the Authority on behalf of the Department of Civil Aviation, Ministry of Communications and Works, and provide direct communication — Telegraph and Telephone — with the following Airports :-

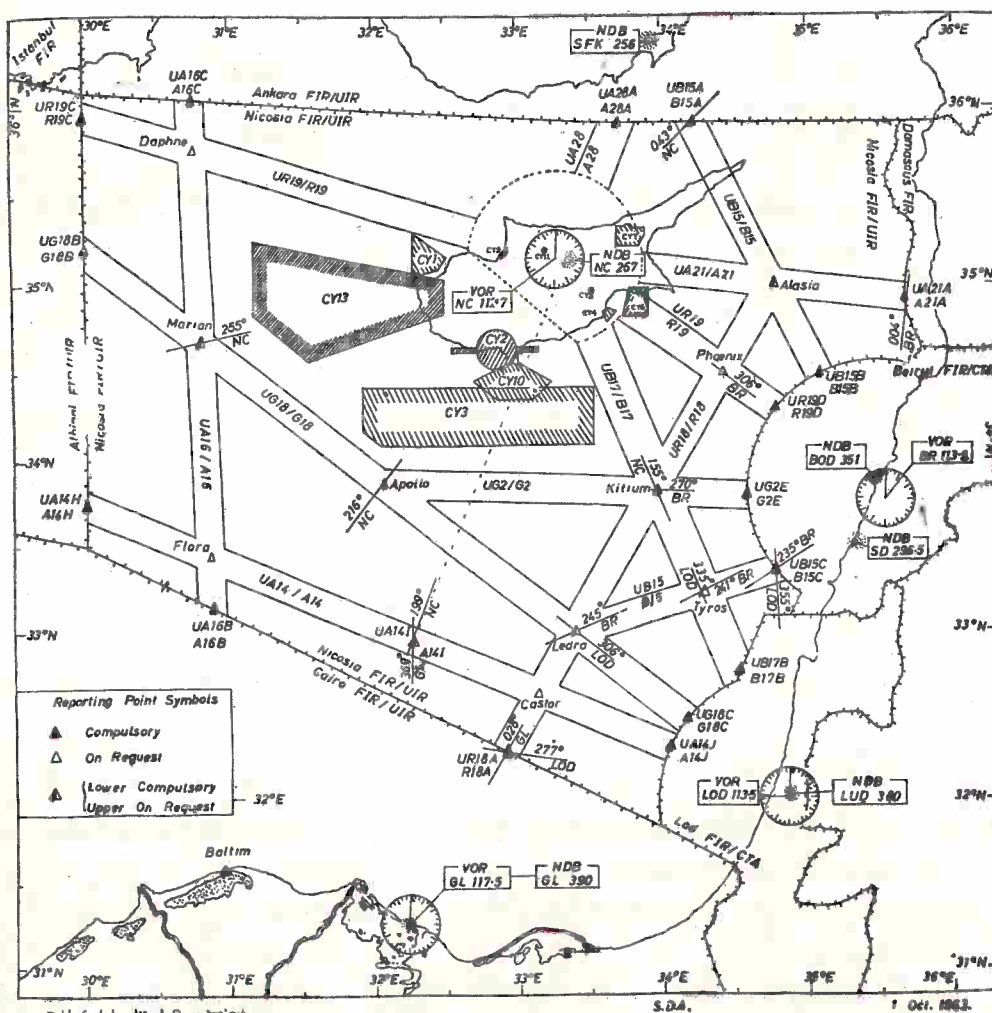
Athens	—	Greece	Damascus	—	Syrian Arab Republic
Ankara	—	Turkey	Cairo	—	United Arab Republic
Beirut	—	Lebanon	LOD	—	Israel

In addition, direct telephone communication is operated within the Flying Information Region with operating aircraft.

During the year under review, a total of 7,765,340 groups were transmitted and received, which shows an increase of 1,436,900 groups over those for 1964.

About 60% of this traffic was handled by hand-speed Wireless Telegraph (Morse) circuits and the other 40% by the Athens High Frequency Radio Teletype (ARQ) Circuit. With the forthcoming full implementation of the Civil Aviation VHF Scheme, it is anticipated that all Civil Aviation Signals circuits will be converted to teleprinter working early in 1966.

AIR TRAFFIC SERVICE SYSTEM SHOWING AIR ROUTES



4. STAFF AND ADMINISTRATION

I. STAFF RELATIONS

The year under review was a particularly difficult one as regards staff relations, because the Unions submitted a number of new claims, the meeting of which would have involved an expenditure of hundreds of thousands of pounds. The joint Management/Staff Committees within the Authority met regularly during the year and worked very hard towards the smoothing of difficulties, which had arisen as a result of the above-mentioned claims. The Authority and the Unions in their effort to reach an agreement, accepted the offer of the good services of the Ministry of Labour and negotiations were still in progress by the end of the year.

II. JOINT CONSULTATION

The Authority, in its desire to give more close and prompt attention to staff problems, filled late in the year, the post of Personnel Officer, by the appointment of an employee of the Authority.

The various joint Management/Staff committees functioned satisfactorily as hereunder :-

(i) Staff Safety and Welfare.

The Staff Safety and Welfare are catered by separate joint Management/Staff Committees.

(a) Safety

Accidents reported during the year as compared with the previous year :-

	1964	1965
Accidents not necessitating sick leave	11	17
" necessitating 1-3 days' sick leave	12	12
" " 4-30 " " "	21	19
" " over 30 " " "	6	6
Total :	50	54

The Secretary of the Authority was appointed as a member of the National Safety Committee of the Island and all relative literature and instructions of this body are used in planning and implementing a safety campaign within the Authority.

All accidents were promptly investigated and the Authority continued its efforts to keep accidents to a minimum.

(b) Welfare

The existing Welfare Fund, which is voluntarily financed by the Authority and Staff contributions, rendered financial assistance to needy personnel and has organised Christmas parties for the children of the Authority's employees. The main income of the fund, however, was saved for the purpose of organising welfare projects in due course, which will affect employees and/or their families in a more general way.

It had been decided by the Committee that as from next year a camp would be organised for the children of the Authority's employees' and members of the committee were authorised to try and secure the necessary camp sites.

The cash position of the Fund as at the end of 1965 was £3,151.

(ii) Provident Fund for the Permanent Monthly Paid Employees.

The Provident Fund, the rules of which were agreed upon between the Authority and the Union, was finally approved by the Authority. The rules of the Fund under reference will need Government approval prior to implementation, in accordance with the Law.

(iii) Pension Fund.

It has been decided that the Rules of the Pension Fund, which were also agreed upon in principle between the Authority and the Union, should be submitted to a firm of recognised actuaries for their final recommendations. These rules also need Government approval as in the case of the Provident Fund.

Note : Employees will have the choice to join one or the other of the above-mentioned two funds.

(iv) Establishment and Promotions.

During the year 1965 the Management of the Authority was actively working for the implementation of the 1964 revised Staff Establishment, which was issued for the first time in a form indicating clearly the organisation of the services. The implementation of the Establishment resulted in the following promotions and confirmations of Staff :-

Promotions	106
Transfers of weekly paid to Permanent Monthly Paid Staff ..	18
Transfers of T.M.P. to Permanent Staff	14
Promotions of hourly paid to Permanent Monthly Paid	14
Promotions of hourly paid to Temporary Monthly Paid	45

In addition to the above, the Authority, in order to achieve the aim and policy of the organisation, made further improvements in its

organisation structure and the new 1966 Establishment approved during the year is now showing clearly the functions and responsibilities of Divisions, Departments and Sections, in a form which can be used as a guide to all the Authority's operations.

Comparison of Staff Strength for the year 1964 - 1965.

	1964	1965
Administration and Accounts	196	195
Engineering	656	668
Telegraph Operating	116	117
Telephone Operating	169	197
Total:	<u>1137</u>	<u>1177</u>
Monthly Paid	969	1031
Weekly Paid	168	146
	<u>1137</u>	<u>1177</u>
Less:		
Turkish employees not attending to duty (Out of 292 Turks only 22 attended to duty)	270	270
Actual No. of Staff	<u>867</u>	<u>907</u>
Less:		
Employees in the National Guard	15	15
Actual Staff employed	<u>852</u>	<u>892</u>

Note : Average casual employees per annum 500.

III. TRAINING

The Authority appreciates the value of training in a specialised field such as telecommunication, and has shown particular interest in this respect.

The joint Management/Staff Training Committee, which was requested to study the question of organised training and submit a comprehensive report, completed its work and its recommendations were placed before the Authority for consideration. Details of the Authority's efforts to train its staff during the year are as hereunder:-

- (a) Three members of the technical staff were granted a scholarship by the International Telecommunication Union for a one-year course on transistors held in Israel and the Authority paid these employees their full salaries during their training.

- (b) One employee was granted six months' study leave and was financially assisted by the Authority for advanced studies in telecommunications in the U.K.
- (c) The Authority encouraged its staff to attend evening classes at Technical Schools leading to City and Guilds Certificates and also paid the tuition fees to this effect. 45 employees attended these courses.
- (d) A number of senior employees were facilitated and attended supervisory courses organised by the Ministry of Labour.
- (e) The Authority continued to pay the tuition and examination fees of all employees who had attended courses relative to their work and had passed the prescribed examination.

5. TELEPHONE AND TELEGRAPH OPERATING SERVICES

I. GENERAL

The provision of efficient telephone and telegraph service is obviously the main purpose of the activities of the Authority and both these services functioned satisfactorily during the year, despite the absence of Turkish operating staff, and the resulting recruitment of new personnel who could not reach, by the end of the year, the required high standard of efficiency.

As a result of relatively peaceful conditions in the Island and the consequent absence of foreign press correspondents during the past year, the number of overseas telegrams forwarded dropped considerably as compared with that of 1964, which was a record year. For the same reason the number of inland telegrams forwarded and telephone trunk calls made was considerably increased.

II. TELEPHONE OPERATING

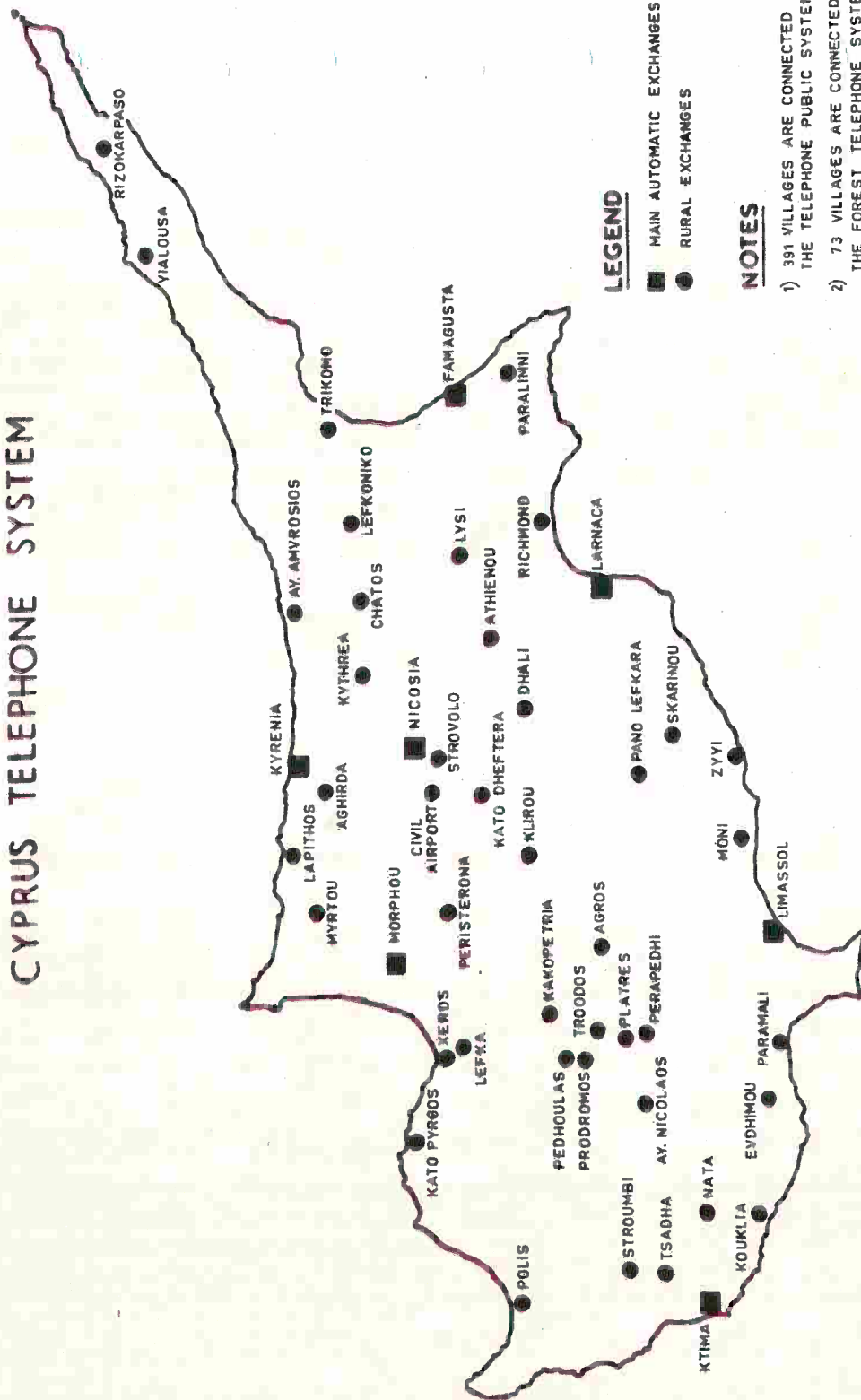
Comparative table as shown below gives statistical information in connection with trunk calls made in 1964 and 1965.

Town	1964		1965	
	From Subs	From Public C/B	From Subs	From Public C/B
Nicosia	773,932	13,760	905,981	20,170
Limassol	553,679	7,625	492,596	6,987
Famagusta	454,914	8,021	547,349	14,458
Larnaca	335,811	3,840	369,074	4,494
Paphos	147,499	2,127	189,539	3,243
Kyrenia	60,261	0,574	79,468	1,228
Lapithos	22,826	—	30,429	—
Morphou	36,906	1,763	53,260	2,886
Lefka	33,266	1,173	51,322	1,595
Pedhoulas/Prodromos	18,812	1,004	29,437	1,360
Platres	24,845	0,665	29,302	992
Troodos	4,739	0,614	6,509	596
Kakopetria	19,727	1,857	28,006	1,024
Total:	2,487,217	43,023	2,812,272	59,033
Grand Total:	(2,530,240)		(2,871,305)	

III. OVERSEAS OPERATING

Particular attention has always been paid to the improvement of service given overseas and the traffic in this section showed a marked increase. The Overseas Exchange has been modernised and the high frequency circuit between Cyprus—Israel and Cyprus—Beirut has been replaced by VHF circuits; furthermore the channels were increased from one to two respectively. These two countries are now

CYPRUS TELEPHONE SYSTEM



LEGEND

- MAIN AUTOMATIC EXCHANGES
- RURAL EXCHANGES

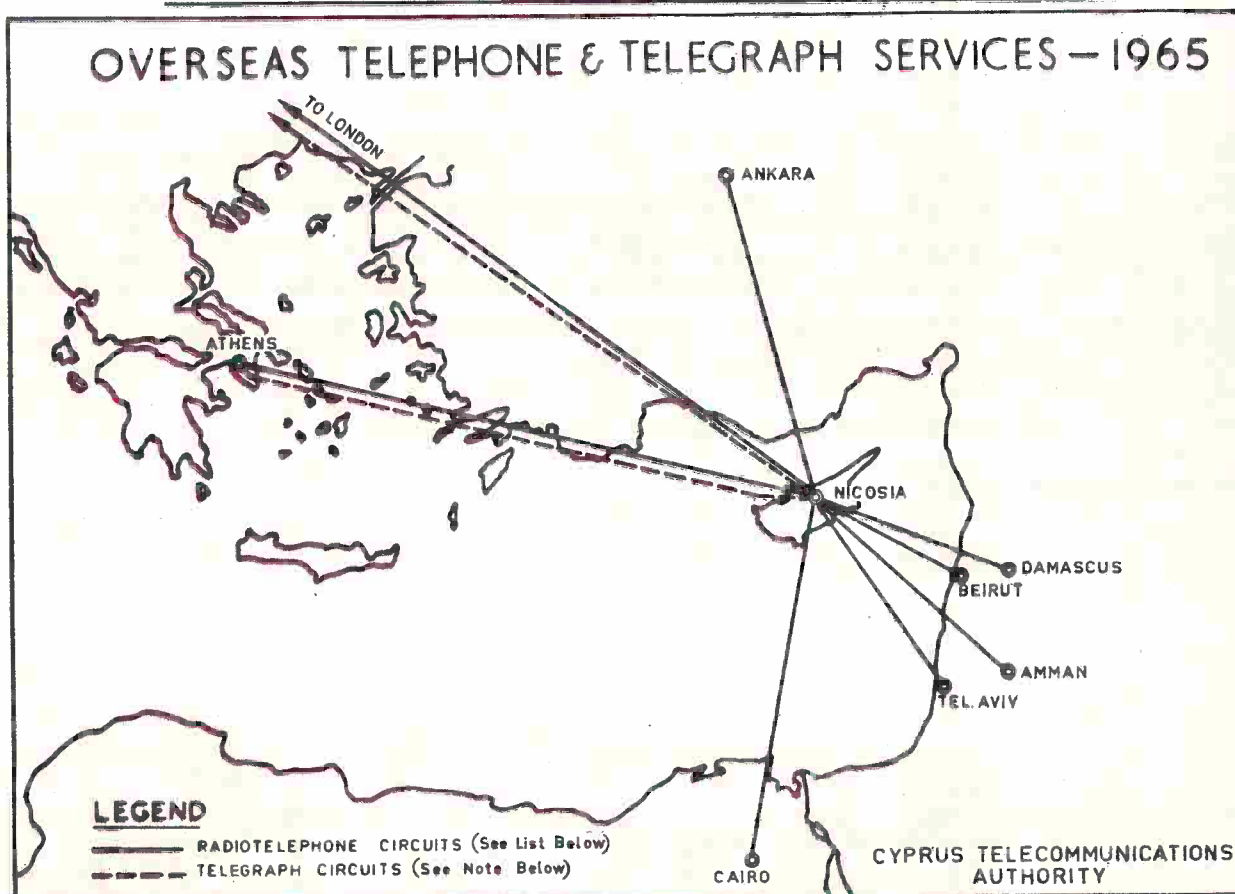
NOTES

- 1) 391 VILLAGES ARE CONNECTED ON THE TELEPHONE PUBLIC SYSTEM.
- 2) 73 VILLAGES ARE CONNECTED ON THE FOREST TELEPHONE SYSTEM.
- 3) PUBLIC & FOREST TELEPHONE SYSTEMS ARE INTERLINKED.

CYPRUS TELECOMMUNICATIONS AUTHORITY

served 24 hours daily. The following comparative table shows the various overseas calls made during 1964 and 1965.

Type of Calls	Year	No of Calls	No. of Minutes
Outgoing	1964	28911	129701
Incoming	1964	23629	125718
Outgoing	1965	35658	153726
Incoming	1965	27747	137355



Map showing overseas telegraph and telephone channels etc.
 INFORMATION ON OVERSEAS RADIOTELEPHONE SERVICE

Country	Operating Hours		Number of Channels	Charges		Remarks
	Weekdays	Sundays		3 minutes	Additional one minute	
Greece	55	24	3	1,050	0,350	
U.K.	20	6	2	2,250	0,750	
Lebanon	24	24	1	1,125	0,375	
Israel	24	24	1	1,125	0,375	
Turkey	2	—	1	1,125	0,375	(For Ankara)
U.A.R.	1	—	1	1,224	0,408	(For other parts)
Syria	1	—	1	2,250	0,750	
				1,125	0,375	

Report charge for the above countries £0.200 mils.

Note : A direct Public Telegraph Channel exists between Cyprus and Greece.
 Telegraph Communication to all other countries is effected via London.

127 75
 6
 778
 54

IV. SHIP TO SHORE SERVICES

Radiotelephone.

	1963	1964	1965
Calls	705	759	623
Minutes	2,519	2,711	2,330

V. ANNOYING TELEPHONE CALLS

A close contact was maintained with the public in this connection and out of 126 complaints for annoying telephone calls lodged, 47 were detected and action taken against offenders by disconnecting their telephones and/or by drawing their attention to the matter. Serious cases were reported to the Police for action.

VI. TELEPHONE DIRECTORY

The Directory was issued for the first time separately in Greek and English and 18,000 and 5,000 copies respectively were circulated. Each subscriber is entitled to a free copy for every direct line. Additional copies can be bought at 500 mils each.

Equipment for a new system (photolist) for preparing the Telephone Directory prior to printing was purchased by the Authority and staff was trained for the use of such equipment for future issues.

It is now anticipated that the difficulties previously encountered in connection with the speedy circulation of the Directory will be overcome.

VII. TELEGRAPH OPERATING

The same circuits as last year were utilised for this service. As it will be observed from the comparative charts given below, an increase was observed in the inland telegrams and a decrease in the overseas telegrams forwarded.

Number of Inland telegrams forwarded

	1963	1964	1965
January	5529	4150	6456
February	4561	3310	5008
March	3397	3751	2697
April	7860	3076	2625
May	5975	5924	7231
June	8741	4970	6213
July	6377	5131	6083
August	3343	2979	2290
September	8344	4208	4386
October	8095	3847	7286
November	8479	6611	6291
December	7026	5192	5495
	<u>77735</u>	<u>53143</u>	<u>62061</u>

An increase of 16.78% has been observed in 1965.

Number of Overseas Telegrams forwarded

				1963	1964	1965
				—	—	—
January	..	..	..	11780	14380	10600
February	..	..	..	10124	14483	10011
March	..	..	..	10929	15984	11784
April	..	..	..	11859	14635	10670
May	..	..	..	12003	13164	11125
June	..	..	..	10331	12121	10385
July	..	..	..	11217	12552	11112
August	..	..	..	10290	15242	10467
September	..	..	..	10642	11636	11268
October	..	..	..	11032	11448	11692
November	..	..	..	10819	10185	12273
December	..	..	..	14140	11746	12407
				—	—	—
				135166	157626	133794
				==	==	==

A decrease of 15.12% has been observed in 1965.

Number of Phototelegrams forwarded.

				1963	1964	1965
				—	—	—
January	..	..	..	2	80	8
February	..	..	..	14	110	5
March	..	..	..	7	267	7
April	..	..	..	2	329	4
May	..	..	..	8	131	10
June	..	..	..	—	76	2
July	..	..	..	1	42	4
August	..	..	..	—	156	—
September	..	..	..	5	63	3
October	..	..	..	—	35	4
November	..	..	..	7	3	73
December	..	..	..	48	10	20
				—	—	—
				94	1302	140
				==	==	==

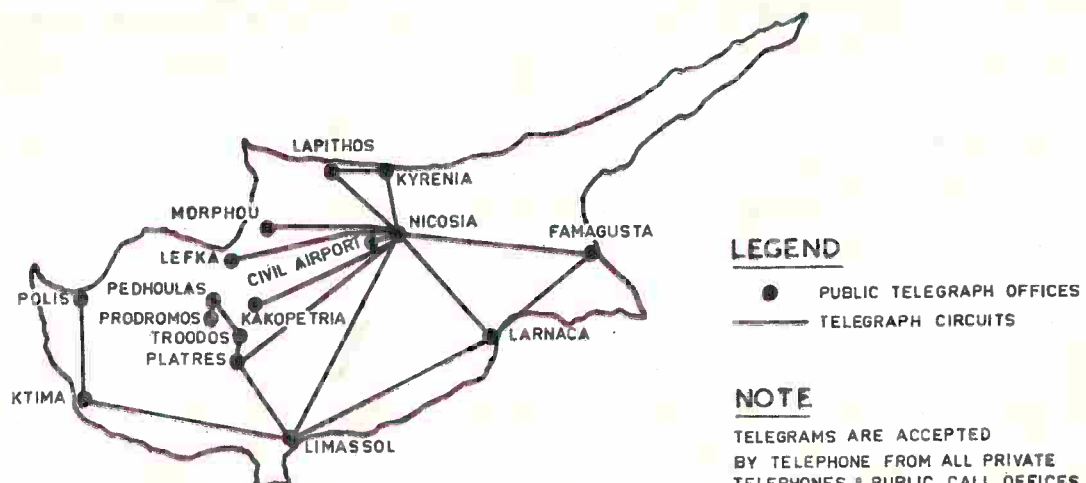
A decrease of 89.225% has been observed in 1965.

VIII. SHIP TO SHORE SERVICES

Radiotelegraph.

				1963	1964	1965
				—	—	—
Telegrams	..	..	..	5,157	3,826	4,111
Words	..	..	..	57,733	56,016	59,526

PUBLIC TELEGRAPH OFFICES AND NETWORK—1965



CYPRUS TELECOMMUNICATIONS AUTHORITY

Telegraph connections within Cyprus.

6. COMMONWEALTH TELECOMMUNICATIONS BOARD

The Chairman of the Authority, Mr. N. Miltiadou, continued to be the representative of the Government of Cyprus to the above-mentioned body and attended the Commonwealth Telecommunications Conference, held in London from 26th April to 13th May, 1965, as Head of the delegation from Cyprus. This Conference was attended by 21 Commonwealth Countries and studied the External Telecommunication needs of the members and their future co-operation and touched upon financial matters relating to the division of revenue.

The Cyprus Delegation submitted a paper on the future needs of Cyprus in External Telecommunications as well as on the general development and expansion of the System in the Island.

Audited Wayleave Accounts for the Year 1963/1964 were submitted to the Commonwealth Telecommunications Board showing a total net revenue of £240,086 representing an increase of approximately of £70,000 over that of 1962/1963.

Estimated wayleave accounts for 1964/1965 have also been submitted showing a total net revenue of £285,000.

FINANCE

GENERAL

Despite the unsettled political situation the Authority has managed during the year under review to maintain the trend of increase in Revenue observed in previous years.

However, although the overall Revenue has slightly increased over that of 1964, there was a reduction in the Operating Revenue mainly due to the substantial drop of £105,155 in the Telegrams income as this item of revenue in the previous year had shown an unprecedented increase as a result of the political events.

The Operating Expenditure has risen by the additional staff costs due to annual increments and the maintenance costs of the Equipment whilst the Depreciation on the additional capital equipment installed in the System is responsible for the increase in Revenue Expenditure.

DEVELOPMENT EXPENDITURE

The Authority, following its policy of continued improvement and expansion of the inland and external communications of the Island has, in this respect, during the year under review, incurred increased Development Expenditure which was financed from the Authority's resources coupled with credit facilities provided by suppliers of equipment at reasonable rates of interest.

CASH POSITION

There has been a considerable improvement in the cash position and thus it has been possible to lodge more funds on medium term deposits which at 31st December, 1965, together with the short term ones stood at £311,566 (in 1964 £100,207).

FINANCING

As mentioned in last year's report, the Authority's whole financing including repayments of capital and interest have been under discussion with the Government of Cyprus but a final decision has not as yet been reached; it is expected that the question will be resolved in the coming year.

THE ACCOUNTS

Operating Revenue.

Income for the year from Operating amounted to	£1,215,207
which, after deducting Operating Expenses of	871,211
Resulted in an Operating Balance of	<u>£ 343,996</u>

A comparison of Operating Revenue 1963 - 1965 shows :

Telephone Income

	1963	1964	1965
	£	£	£
Rentals	346,189	364,146	377,505
Trunk Calls	232,001	211,962	247,830
Local Calls	201,800	213,166	231,290
Radiotelephone Calls	44,305	74,368	75,070
Miscellaneous ..	2,161	1,383	2,673
	<u>826,456</u>	<u>865,025</u>	<u>934,368</u>

Telegraph Income

Telegrams	159,950	295,112	189,957
Teleprinter Rentals ..	3,768	7,327	10,696
Leased Circuits ..	30,266	60,088	77,267
Miscellaneous ..	1,966	2,584	2,919
	<u>195,950</u>	<u>365,111</u>	<u>280,839</u>
Total	<u>1,022,406</u>	<u>1,230,136</u>	<u>1,215,207</u>

There was an increase in the Telephone Income as a result of additional telephone installations, whilst there was a decrease in the Telegraph Income due to the drop in telegrams traffic for the reasons stated earlier on in this report; the other items under telegraph income have risen but the increase in the Leased Circuits is due to the fact that in the comparative figure for 1964 certain of these were not in operation for a full year. However as can be seen from the above comparative table, the trend of increase in the telegrams has been kept, if one compares with 1963, ignoring the 1964 figure which was an abnormal one.

OPERATING COSTS

The increase in Staff costs by £32,823 is due to the normal annual increments of staff and a minor addition of casual labour to cover the work of those Turkish employees who again this year failed to attend to duty.

There was also an increase in the System Operating Expenditure of £8,411 which is the result of additional labour time spent on maintaining the equipment.

The rise in Establishment Expenses is mainly due to the additional rents paid during the year, for the premises to accommodate

staff and stores, whilst the reduction in the Administrative Expenses is the lower printing costs of the Telephone Directory as compared with the previous year.

A comparison of Operating Costs 1963 - 65 shows :

	1963	1964	1965
	£	£	£
Staff Costs ..	861,276	765,283	798,106
Less: Allocation to Capital, Maintenance etc.	373,226	323,241	337,131
	<u>488,050</u>	<u>442,042</u>	<u>460,975</u>
System Operating Expenses	170,030	164,124	172,535
Establishment Expenses	23,023	28,119	31,423
Administrative Expenses	21,586	23,259	19,377
Depreciation of Fixed Assets	166,238	170,129	186,901
Total	<u><u>868,927</u></u>	<u><u>827,673</u></u>	<u><u>871,211</u></u>

Net Revenue

	£
To the Operating Revenue of	1,215,207
there was added Sundry Other Income of	16,352
which made a total of	<u>1,231,559</u>

Less :-

Operating Costs	871,211
Interest and Financing Charges on Borrowings	160,245
Other Interest	8,473
Chairman's and Members' Expenses	500
Contribution to Commonwealth Tele- communications Board Expenses	950
Provision for Doubtful Debts ..	15,329
Miscellaneous Financial Expenses	<u>2,657</u>
Made a total to be deducted of	<u>1,059,365</u>
which resulted in a Revenue Balance for the year of	<u><u>£ 172,194</u></u>

APPROPRIATIONS

The Revenue balance of £ 327,591, on the 1st January, 1965, has been reduced by £ 1,934 in respect of expenses relating to prior years

and the resultant balance has been appropriated as follows :-

a) Provision for Staff Superannuation Back Service Credits	£ 30,000
b) Transfer to Next Account	295,657
	<u>£ 325,657</u>

The Revenue balance for the year of £ 172,194, added to the Revenue balance of £ 295,657 for prior years makes a total of £ 467,857 to carry forward to the next account.

FIXED ASSETS

As at 1st January, 1965, the net book value of the Authority's Fixed Assets was £ 2,708,426.

The capital works executed during 1965 together with other capital expenditure increased the Fixed Assets as follows :-

	£
Gross Book Value as at 1st January, 1965	3,990,023
Capital Development during the year :-	
a) Inland Communications	240,221
b) External Communications	140,828
	<u>381,049</u>
Less: Installation and Removal Charges recovered	26,618
	<u>354,431</u>
	4,344,454
Less: Disposals during the year	4,783
	<u>4,339,671</u>
Accumulated depreciation 31st December, 1965, which must be deducted	1,467,308
	<u>£ 2,872,363</u>

BORROWINGS

There was no further borrowing during the year but as a result of the first repayment instalment of £ 3,141 on the £ 50,000 loan, the Capital Structure as at 31st December, 1965, was as follows :-

(i) **Long Term**

Government Loan (1969/71)	£ 1,499,914
" " (1973/75)	400,000
" " (1973/75)	200,000
" " (1961/76)	130,000
" " (1965/76)	46,859

£ 2,276,773

(ii) **Short Term**

6% Telecommunications (1st Issue) Stock 1964/68	100,000
3% Telecommunications (2nd Issue) Stock 1963	100,000

200,000

Total: £ 2,476,773

INTEREST ON BORROWINGS

The increase of £150,251 in the "Interest due on Capital Borrowings" represents the interest for 1965 together with that on the outstanding balances at 31st December, 1965, excluding the the amount of £8,504 being interest paid during the year on the 6% Telecommunications Stock (1964/68) and the £50,000 Loan.

FINANCING OF THE YEAR'S CAPITAL REQUIREMENTS
Capital Requirements.

	£
Expenditure on fixed assets	354,431
Less: Residual value of assets displaced	3,593
	<u>350,838</u>
Loan Repayments	3,141
Total Requirements	<u>353,979</u>

Financed From

Depreciation	186,901
Net Revenue for year	172,194
Less: Expenses and Provisions relating to prior years	31,934
	<u>140,260</u>
Decrease in Net Current Assets	26,818

Total Finance £ 353,979

J. CL. CHRISTOPHIDES,
Chairman
A. N. STYLIANIDES,
General Manager
S. A. KOKKINIDES,
Secretary

TABLE A

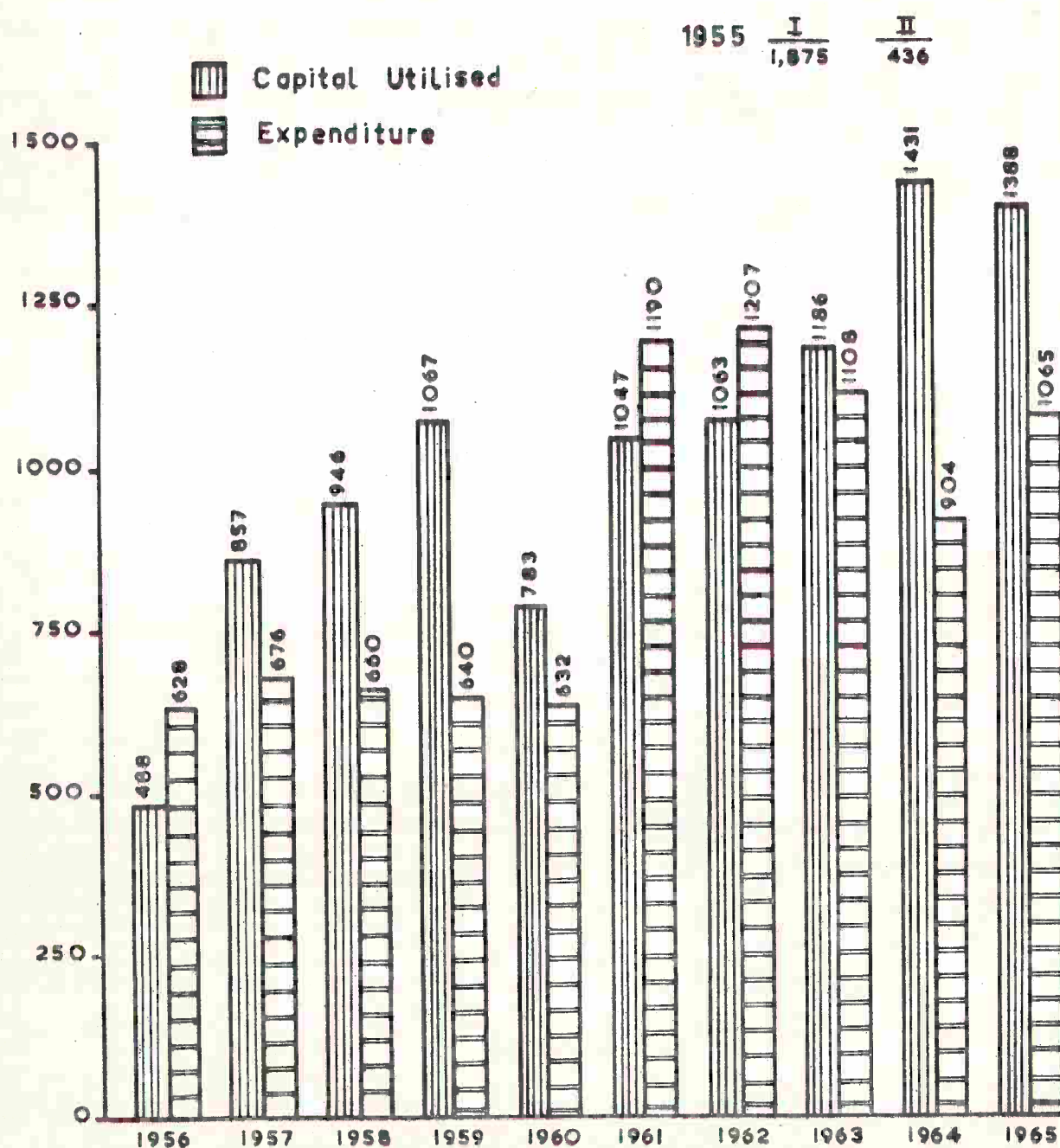
TABLE SHOWING AGGREGATE OF:-**I. CAPITAL UTILISED****II. EXPENDITURE****1956-1965****(IN THOUSAND POUNDS)**

TABLE B

TABLE SHOWING ANALYSIS OF TABLE "A" RE CAPITAL UTILISED

I. CAPITAL

II. PROVISION FOR DEPRECIATION

III. INCOME

1956-1965

(IN THOUSAND POUNDS)

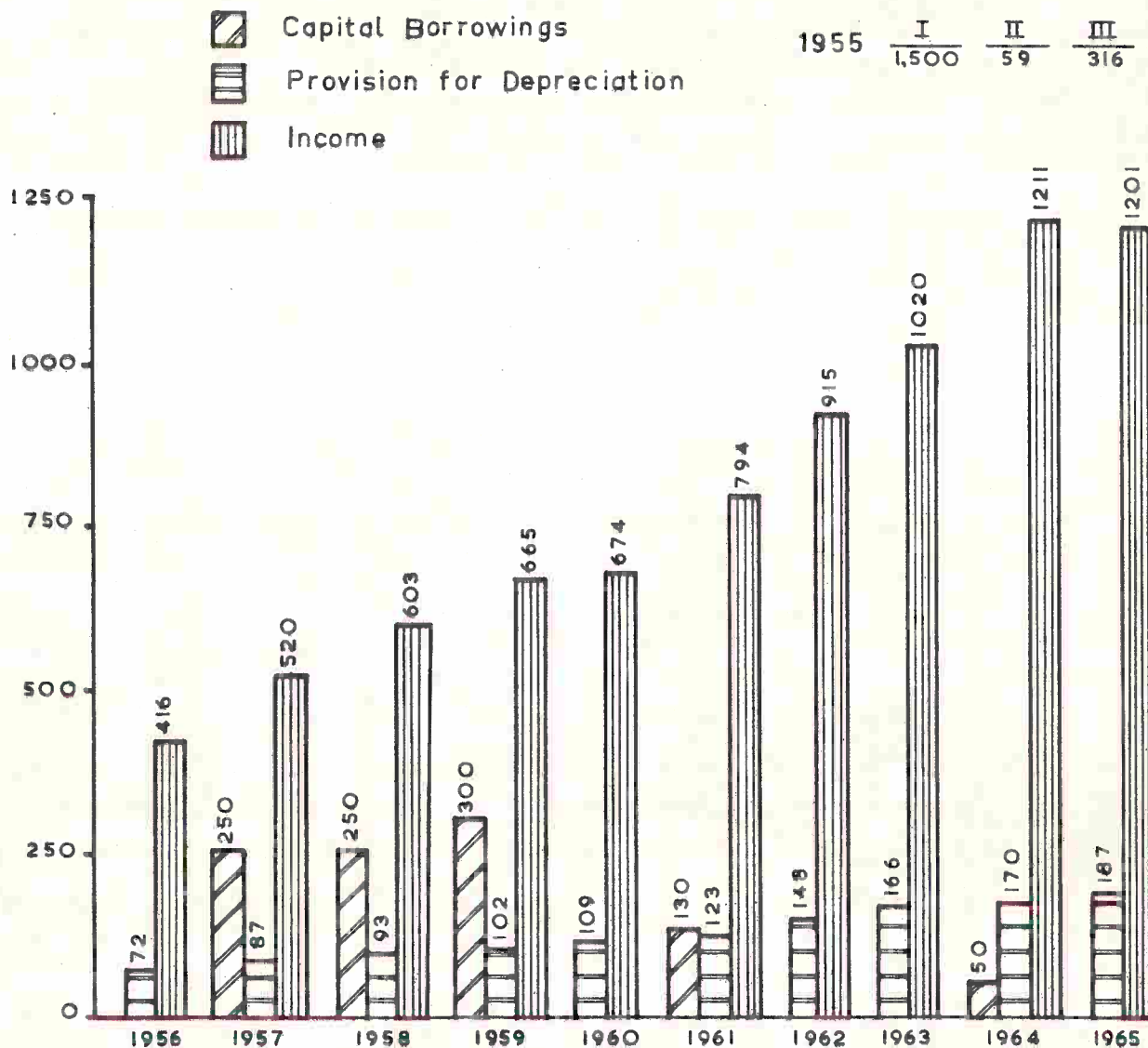


TABLE C

TABLE SHOWING ANALYSIS OF TABLE "A" RE EXPENDITURE

I. OPERATING COSTS

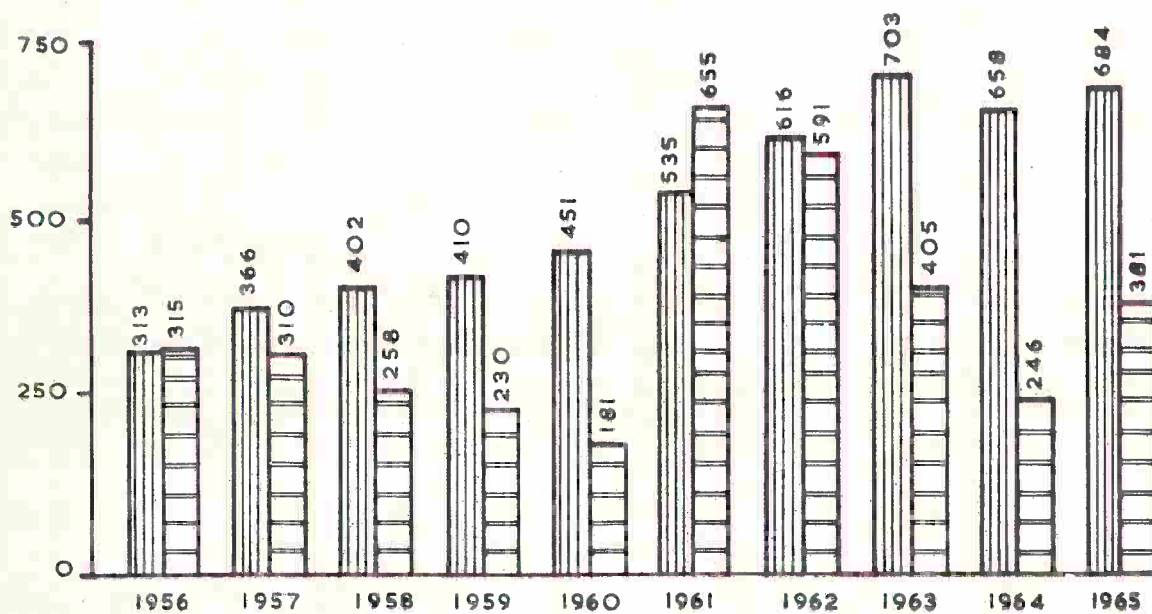
II. CAPITAL DEVELOPMENT

1956-1965

(IN THOUSAND POUNDS)

 Operating Costs
 Capital Development

1955 $\frac{\text{I}}{231}$ $\frac{\text{II}}{205}$



A C C O U N T S

CYPRUS TELECOMMUNICATIONS AUTHORITY

AUDITORS' REPORT

We have audited the annexed Balance Sheet and Revenue Account and have obtained all the information and explanations which we considered necessary. In our opinion proper books of account have been kept and the Balance Sheet is in agreement therewith.

In our opinion the said Balance Sheet and Revenue Account together with the Notes thereon give a true and fair view of the state of affairs of the Authority as at 31st December, 1965 and of the balance of revenue for the year ended on that date.

METAXAS, CHRISTOFIDES, LOIZIDES & SCOTTIS
Certified Public Accountants (Cyprus)

"Pantheon" Building
40, Evagoras Avenue,
Nicosia.

14th June, 1966.

CYPRUS TELECOMMUNICATIONS AUTHORITY

BALANCE SHEET AS AT 31ST DECEMBER, 1965.

1964			£	£
£	£			
		FIXED ASSETS (Note 1)		
	3,990,023	At cost or valuation	4,339,671	
	1,281,597	Less Depreciation	1,467,308	
2,708,426		(Statement attached)		2,872,363
		NET CURRENT ASSETS		
		CURRENT ASSETS		
	414,377	Stores (Note 2),	380,223	
	426,716	Debtors and debit balances		
	100,207	less provision	355,244	
	104,113	Cash on deposit with bankers	311,566	
		Bank balances and cash in hand	93,725	
	1,045,413		1,140,758	
		Deduct		
		CURRENT LIABILITIES		
		AND PROVISIONS		
	316,305	Creditors and accrued charges	258,217	
	499,725	Interest accrued on capital		
		borrowings	649,976	
		Provision for staff superannuation		
		back service credits (Note 3)	30,000	
	816,030		938,193	
229,383				202,565
<u>£2,937,809</u>		NET TOTAL ASSETS		<u>£3,074,928</u>

FINANCED FROM
CAPITAL BORROWINGS (Note 4)

2,279,914	Loans from Government of Cyprus	2,276,773
100,000	6% Telecommunications (First issue) Stock 1964/68	100,000
100,000	3% Telecommunications (Second issue) Stock 1963	100,000

2,479,914

64,304

66,000

327,591

£2,937,809

CAPITAL RESERVE
GENERAL RESERVE
REVENUE BALANCE

2,476,773

64,304

66,000

467,851

£3,074,928

The Notes on pages 51 and 52 are an integral part of these Accounts.

J. CL. CHRISTOPHIDES
Chairman

A. N. STYLIANIDES
General Manager

M. E. CHRISTOFIDES
Chief Accountant

REVENUE ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1965.

1964				£	£
£	£			£	£
OPERATING REVENUE					
Telephone services :-					
	364,146	Rentals		377,505	
	211,962	Trunk calls		247,830	
	213,166	Local calls		231,290	
	74,368	Radiotelephone calls		75,070	
	1,383	Miscellaneous		2,673	
865,025					934,368
Telegraph services :-					
	295,112	Telegrams		189,957	
	7,327	Teleprinter rentals		10,696	
	60,088	Leased circuits		77,267	
	2,584	Miscellaneous		2,919	
365,111					260,839
1,230,136					1,215,207
Deduct					
OPERATING EXPENSES					
	765,283	Salaries, wages, allowances and other staff costs		798,106	
		Deduct			
	98,147	Amount charged to capital	£110,677		
	225,094	Amount allocated to maintenance and recoverable works	226,454		
	323,241			337,131	
	442,042			460,975	
	170,129	Depreciation of fixed assets		186,901	
	164,124	System operating expenses		172,535	
	28,119	Establishment expenses		31,423	
	23,259	Administrative expenses		19,377	
827,673					871,211
402,463					343,996
NET OPERATING REVENUE carried forward					

1964					
£	£		£	£	
402,463		NET OPERATING REVENUE brought forward		343,996	
		OTHER INCOME			
	2,691	Bank interest	15,122		
	1,393	Miscellaneous	1,230		
4,084				16,352	
<u>406,547</u>				<u>360,348</u>	
		INTEREST AND OTHER EXPENSES			
	150,478	Interest and financing charges on capital borrowings (Note 5)	160,245		
	7,380	Other interest	8,473		
	500	Chairman's and other Members' travelling expenses	500		
	11,662	Obsolete stocks written off	—		
	20,985	Miscellaneous including provision for bad and doubtful debts	18,936		
191,005				188,154	
<u>£215,542</u>		REVENUE BALANCE FOR YEAR		<u>£172,194</u>	
82,310		REVENUE BALANCE 1st January, 1965		327,591	
		Add			
215,542		Revenue balance for year		172,194	
29,739		Net revenue relating to prior years		—	
<u>£327,501</u>				<u>499,785</u>	
		Deduct			
		Net expenses relating to prior years	1,934		
		Provision for staff superannuation back service credits (Note 3)	30,000		
				31,934	
<u>£327,591</u>		REVENUE BALANCE 31st December, 1965		<u>£467,851</u>	

The Notes on pages 51 and 52 are an integral part of these Accounts.

CYPRUS TELECOMMUNICATIONS AUTHORITY

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER, 1965.

1. FIXED ASSETS

Fixed assets are, with the exception of those acquired in 1961 and 1962, stated on the basis of cost.

Those fixed assets acquired in 1961 and 1962 are stated on the basis of the Authority's valuation thereof as of date of acquisition. Fixed assets acquired in 1955 are stated in these Accounts at cost, representing the gross book value standing in the books of Cable and Wireless Limited as at the date of their acquisition by the Authority. The depreciation provisions in respect thereof, provided by Cable and Wireless Limited prior to their acquisition, have been brought into account and are reflected in the aggregate depreciation provision of the Authority.

Provisions for depreciation of fixed assets have been made, with minor exceptions, on the same basis as in the previous years.

The balances of Land and Buildings and V.H.F. Plant and Machinery as at 1st January, 1965 include £11,632 and £5,745 respectively in respect of V.H.F. Scheme Work in Progress as on that date.

2. STORES

The stores have been physically verified by continuous stock takings carried out throughout the year; they have been valued at cost.

3. PROVISION FOR STAFF SUPERANNUATION BACK SERVICE CREDITS

There are certain liabilities to make payments over a period of years towards funding of staff superannuation back service credits. This fund is administered by trustees to whom the Authority has agreed to make such payments as may be required in order that due provision shall be made for the payment of superannuation benefits afforded to the employees by the Authority in respect of past services.

An amount of £30,000 has been provided for in respect of these benefits. This amount does not purport to cover the full

amount which would be required, as the extent of this liability cannot at present be determined until an actuarial valuation of the fund has been made.

4. CAPITAL BORROWINGS

Pending negotiations between the Authority and the Government for the determination of the Authority's ultimate obligations in respect of its borrowings, and the determination of the Authority's capital structure in general, no amounts are being set aside in order to provide, with the exception of the Cyprus Government Loan 1965/76, the requisite funds for the repayment and redemption of these borrowings.

The amount required to pay accrued interest on these borrowings has been provided for through the years to 31st December, 1965.

5. AMORTISATION OF FINANCING CHARGES

The financing charges in respect of capital borrowings are amortised annually over the period of the relative borrowing. For the year under review £1,490 (1964 — £1,490) has been written off for this purpose and is included in the Interest and Financing Charges on Capital Borrowings shown in the Revenue Account.

6. TAXATION

No amount has been set aside to provide for taxation as the taxation position of the Authority is under discussion with the Inland Revenue.

7. CONTRACTUAL COMMITMENTS

Contractual commitments, repayable over a period of five years, not provided for in these Accounts amounted to approximately £564,000 as at 31st December, 1965 (1964 — £151,000).

8. CONTINGENT LIABILITIES

Contingent Liabilities in respect of claims against the Authority amounted to approximately £2,525 as at 31st December, 1965 (1964 — £525).

CYPRUS TELECOMMUNICATIONS AUTHORITY

STATEMENT OF FIXED ASSETS AS AT 31ST DECEMBER, 1965.

	Cost or valuation as at 1st January, 1965	Additions at cost less Disposals	Cost or valuation as at 31st December, 1965	Aggregate depreciation	WRITTEN DOWN VALUE	
					31st December, 1965	31st December, 1964
	£	£	£	£	£	£
Land and buildings	384,207	11,313	395,520	55,918	339,602	334,034
Telephone exchanges, subscribers circuits and trunk services	3,223,894	171,917	3,395,811	1,192,193	2,203,618	2,160,722
H.F. plant and machinery	5,745	122,878	128,623	12,789	115,834	5,745
Telegraph and wireless equipment	224,221	16,220	240,441	89,510	150,931	155,251
Motor vehicles and mechanical equipment	67,156	—387	66,769	59,028	7,741	16,635
Furniture, fixtures, fittings and office equipment	67,499	22,255	89,754	39,296	50,458	34,934
House tools	17,301	5,452	22,753	18,574	4,179	1,105
	<u>£3,990,023</u>	<u>£349,648</u>	<u>£4,339,671</u>	<u>£1,467,308</u>	<u>£2,872,363</u>	<u>£2,708,426</u>