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1968

CYPRUS

TELECOMMUNICATIONS

AUTHORITY

The Authority regrets the delay in the publication of this Report,
which is due to reasons beyond its control.

CYPRUS TELECOMMUNICATIONS AUTHORITY

**THIRTEENTH ANNUAL REPORT
AND ACCOUNTS**

FOR THE YEAR ENDED

31st December, 1968.

[Price 50 mils]

CYPRUS TELECOMMUNICATIONS AUTHORITY

Head Office
P. O. Box 1929,
NICOSIA.

Date 23rd July, 1969

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 Annual Report and Accounts of the Cyprus Telecommunications Authority for the year ended 31st December 1968, 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.

CYPRUS TELECOMMUNICATIONS AUTHORITY

Chairman . . . : J. Cl. Christophides, of Gray's Inn,
Barrister-at-Law.

Vice-Chairman : N. Roussos, (as from 2nd May, 1968)
Civil Engineer, Graduate of the
Technical University of Athens.

Members . . . : V. Demetriou, B.Sc., (Eng.)

S. Joannou

H. Horomian, (as from 9th May, 1968)

L. Zachariades.

Legal Adviser : A. C. Hadjioannou,
Degree in Law of Athens University,
of Gray's Inn, Barrister - at - Law.

Auditors . . . : Metaxas, Christofides, Loizides & Scottis.

ADMINISTRATION

General Manager : A. N. Stylianides, B.Sc., M. - A.S.M.E.

Secretary . . . : S. A. Kokkinides, A.C.C.S.
Cert. Soc. Science & Admin. L.S.E.
University of London.

Chief Accountant : M. E. Christofides, FAIA, ACCS, AMBIM

Chief Engineer : J. K. Home, C.Eng. M.I.E.E.

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

Telephone : 77111.

Branches:

NICOSIA	—	Egypt Avenue	Tel. 77111
LIMASSOL	—	4, Marcos Botsaris Street	Tel. 2500
FAMAGUSTA	—	Edisson Street	Tel. 62500
LARNACA	—	7, Lord Byron Street	Tel. 2279
PAPHOS	—	36, Adonis Street	Tel. 2148
KYRENIA	—	5A, 28th October Avenue	Tel. 438
MORPHOU	—	18, 25th March Street	Tel. 5555
LEFKA	—	Lefka	Tel. 459

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INTRODUCTION

The Authority has been established in accordance with Law 302 No. 67 of 1954 under the name of Cyprus Inland Telecommunications Authority and officially assumed responsibility for the inland telecommunications on 1st July, 1956.

As from 1st April, 1961 the Authority took over from Cable & Wireless Ltd., the responsibility for all overseas telecommunication services and has since been known as the Cyprus Telecommunications Authority.

The Authority has the responsibility of providing, maintaining and developing a comprehensive telecommunications system for local and overseas service and it is answerable to the Council of Ministers, through the Minister of Communications and Works, whose powers over the activities of the Authority are regulated by the Amended Service Law 25 of 1963, Section 3.

During the year under review the Members of the Authority had 28 meetings.

There were the following changes in the Authority's membership :-

- i. Mr. N. Roussos, Member as from August 1960, was appointed Vice-Chairman with effect from 2nd May, 1968.
- ii. Mr. H. Horomian was appointed as Member with effect from 9th May 1968, to replace Mr. V. C. Toundjian M.B.E., who resigned on grounds of ill-health.

In spite of two strikes which lasted for a total of 21 days, the Authority was able to implement to a considerable degree its policy which comprised the maintaining of the service to a high degree of efficiency, the carrying out of projects for its expansion and the finalisation of plans for its further modernization and automatization.

The Turkish employees who had left the service in 1963 continued to be away from duty.

CYPRUS TELECOMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS FOR THE LAYMAN

How the Authority Operated During the Year 1968

1967		£
£		
1,584,835	The Income from the Authority's Operation was ...	1,722,633
18,663	Other Income	23,917
<u>£1,603,498</u>		<u>£1,746,550</u>
The Expenses were :		
990,379	Total Salaries, Allowances, etc.	1,233,383
97,157	Less: Utilised for Development 103,333	
7,814	Utilised for Repayment Works 9,549	
<u>£104,971</u>		<u>112,882</u>
£885,408	Administration, Operating and Maintenance Salaries	<u>£1,120,501</u>
206,067	Administration Expenses	241,168
729,944	Telephone Services Expenses	889,481
174,197	Telegraph Services Expenses	231,826
61,731	Other Services Expenses	95,242
61,617	Maintenance of Buildings, etc.	67,555
600	Members' Travelling Expenses	600
1,490	Financing Charges on Capital Borrowings	—
176,061	Interest on Capital Borrowings ...	100,294
19,697	Interest to Suppliers	32,175
7,632	Provision for Doubtful Debts	24,834
1,056	Miscellaneous Financial Charges ...	1,130
<u>£1,440,092</u>		<u>1,684,305</u>
<u>£163,406</u>	Resulting in a Revenue Balance for the year of	<u>£ 62,245</u>

NOTE: Included in the figure of Salaries Allowances etc., is an amount of £151,000 being Provision for the Revision of Salary Scales reduced by £45,000 for the 17 day Strike.

CYPRUS TELECOMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS FOR THE LAYMAN

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

1967 £	HOW THE AUTHORITY WAS FINANCED	£
2,470,012	Borrowings from Government	3,466,633
785,644	Surpluses from past years' operations	1,117,600
163,406	Surplus from this year's operation	62,245
<u>£3,419,062</u>	Total Financing	<u>£ 4,646,478</u>
WHAT THE AUTHORITY OWNED		
£4,676,209	Land, Buildings, Plant & Machinery on 1.1.1968	£ 5,497,572
£881,136	Spent for Development in the year	£ 806,094
34,045	Less : Installation Fees Recovered	35,527
<u>£847,091</u>		770,567
5,523,300		£ 6,268,139
25,728	Less : Disposals	99,254
<u>£5,497,572</u>	Total : 31.12.1968	£ 6,168,885
1,859,393	Set aside over past years and this year to meet wearing out of the Equipment	2,089,518
<u>£3,638,179</u>		£ 4,079,367
786,346	Materials in Stores	781,469
527,831	Money owed to the Authority by Subscribers and debit Balances	715,002
139,918	Cash in Hand and at Bank (Current Account)	325,921
205,254	Cash on Fixed Deposits with Banks	—
<u>£5,297,528</u>	So altogether the Authority's Belongings were ...	£ 5,901,759
WHAT THE AUTHORITY OWED		
£400,091	To various Suppliers for Equipment, Services	634,082
411,662	To various Suppliers for Equipment, Services, (long term)	431,314
90,000	To provision for Staff's "Superannuation Back Service Credits"	120,000
976,713	To Government for past years' and this year's Interest on Borrowings	69,885
<u>£1,878,466</u>		1,255,281
<u>£3,419,062</u>	The Difference between WHAT THE AUTHORITY OWNED and WHAT THE AUTHORITY OWED was the Authority's Net Total Assets	<u>£ 4,646,478</u>
<u>£3,419,062</u>	The difference between the Net Total Assets of ...	£ 4,646,478
2,470,012	and the Borrowings from Government of	3,466,633
<u>£949,050</u>	was the Authority's Net Property at the end of the year	<u>£ 1,179,845</u>

3. TECHNICAL SERVICES

A. GENERAL.

During 1968 demand for the Authority's services continued to rise sharply; service to the public was maintained and extended as far as practicable, but in common with the experience of most other administrations throughout the world, the demand for telecommunications facilities tended to overrun the supply. However, considerable progress was made in planning and implementing longterm development projects and as these come to maturity the situation should be greatly relieved. Information on some of these projects is given below :-

B. PLANNING AND DEVELOPMENT.

During the year under review, specifications prepared by the technical services of the Authority on the undermentioned projects were examined by Messrs. Page Communications Engineers Inc., Technical Consultants of the Authority. International Tenders were then invited and all tenders submitted were adjudicated by the Consultants, who submitted their report to the Authority for final consideration.

I. National Communications Network.

This is a large scale project which will provide sufficient high grade trunks between the main towns; in addition, the trunk circuits between the dependent exchanges and their respective zone centres will be considerably increased and their quality improved.

	<u>Existing Channels</u>	<u>Future Channels Initial Stage.</u>
Between Zone Centres	158	540
Between Zone Centres and Dependent Exchanges	187	225

II. Subscribers' Trunk Dialling (STD).

When this project is completed, subscribers will be able to dial each other anywhere in the island, without the intervention of the telephone operator.

III. Telephone Exchanges.

This project caters for the increase in capacity of existing telephone exchanges as indicated below :-

Name of Exchange	Existing as at 1.1.68	Additions 1968	Ordered in 1968	Planned for order in 1969	TOTAL
Nicosia	11.900	1.500	1.500	8.500	23.400
Limassol	4.100	300 (Note 1)	1.400	1.500	7.000
Famagusta	3.100	2.900 (Note 2)	—	—	6.000
Larnaca	1.625	— (Note 3)	—	300	2.525
Paphos	600	— (Note 3)	—	1.200	1.200
Morphou	450	100 (Note 4)	—	1.200	1.200
Kyrenia	520	70 (Note 5)	—	1.200	1.200
TOTAL	22.295				42.525

NOTES :-

1. The additions were on a temporary basis and will be recovered after the orders are installed.
2. The construction work is not completed yet.
3. Paphos 600 lines will be transferred to Larnaca.
4. Morphou will be dismantled and existing units will be used to increase rural exchanges.
5. Kyrenia 590 lines will be transferred to Platres.

IV. Rural Exchanges.

Plans were completed for Platres and Agros Ruraxes to be converted to automatic working and their junction lines to be increased from seven to nine and from two to five respectively.

V. Line Plant Development.

a. Urban Development.

Plans were completed for the expansion of the telephone network in the towns of Nicosia, Limassol, Famagusta, Larnaca and Kyrenia and for the installation of 12 new public telephone kiosks.

b. Rural Development.

The completed plans mainly call for the expansion of the local distribution at Morphou and the installation of 8 additional village call offices, throughout the island.

C. CONSTRUCTION.

A summary of the extensive and varied construction works, which were executed during 1968, is given herebelow :-

I. Exchanges and Associated Works.

- a. **The Acropolis Exchange** at Nicosia was completed and inaugurated by the Minister of Communications & Works on July 15th. This Exchange has an initial capacity for 1500 subscribers but can be extended to 5000 lines with the existing building facilities.
- b. At the Famagusta Exchange, 800 additional lines were completed by the end of the year in a project which on finalization will increase the capacity of the Exchange by 2900 lines.
- c. At the Limassol Exchanges 300 additional lines were completed.
- d. At the Kyrenia Exchange 50 additional lines were completed.
- e. The Lapithos Exchange system and area were converted to automatic.
- f. One VF equipment was installed in each of the following areas :-

Platres	(for Platres - Limassol)
Agros	(for Agros - Limassol)
Limassol	(for LL - Platres, LL - Agros)
Kyrenia	(for Kyrenia - Nicosia)
Nicosia	(for Nicosia - Kyrenia)
- g. Five Private Automatic Exchanges were installed during the year.

The Table herebelow compares the growth of the various types of Exchanges for 1966, 1967, 1968.

Type of Equipment	1966		1967		1968	
	No.	Capacity	No.	Capacity	No.	Capacity
Towns Main Auto Telephone Exchanges	6	18,395	6	18,835	6	22,015
Towns Satellite Exchanges	1	1,500	2	3,000	3	4,600
Rural Exchanges	41	3,525	41	3,525	41	3,585
Mobile Exchanges	1	100	1	100	1	100
Total Capacity		23,520		25,460		30,300
Private Automatic Exchanges	38	3,028	47	3,527	53	3,706
Private Manual Exchanges	670	9,836	741	10,434	802	11,392

II. Telex Exchange.

The installation of the Telex Exchange in Nicosia and related works in the Zone Centres were completed and by the end of the year were undergoing final tests.

III. Transmission and Radio Construction Work.

Cyprus - Greece Communications.

Tropospheric Scatter Link.

All construction and installation works and testing of the equipment were completed during the year and the link was put to traffic in April 1968.

The Tropospheric Scatter System has replaced the previous High Frequency one between Cyprus and Greece and is accepted as the best medium of radio communication over a distance such as the one separating Greece and Cyprus. The new system has a capacity of 60 high quality speech channels each of which can be sub-divided into 24 telegraph channels.

IV. a. Automatic Message Switching Centre.

Work on the installation of the relative equipment which will automatize inter airport point to point telegraph service and will extend automatization of commercial telegraph messages apart from Nicosia to all Branches of the Authority, commenced in August 1968.

b. VOR/DME

Work on the installation of equipment for the Very High Frequency Omni Directional Range and Distance Measuring Equipment commenced in September, 1968.

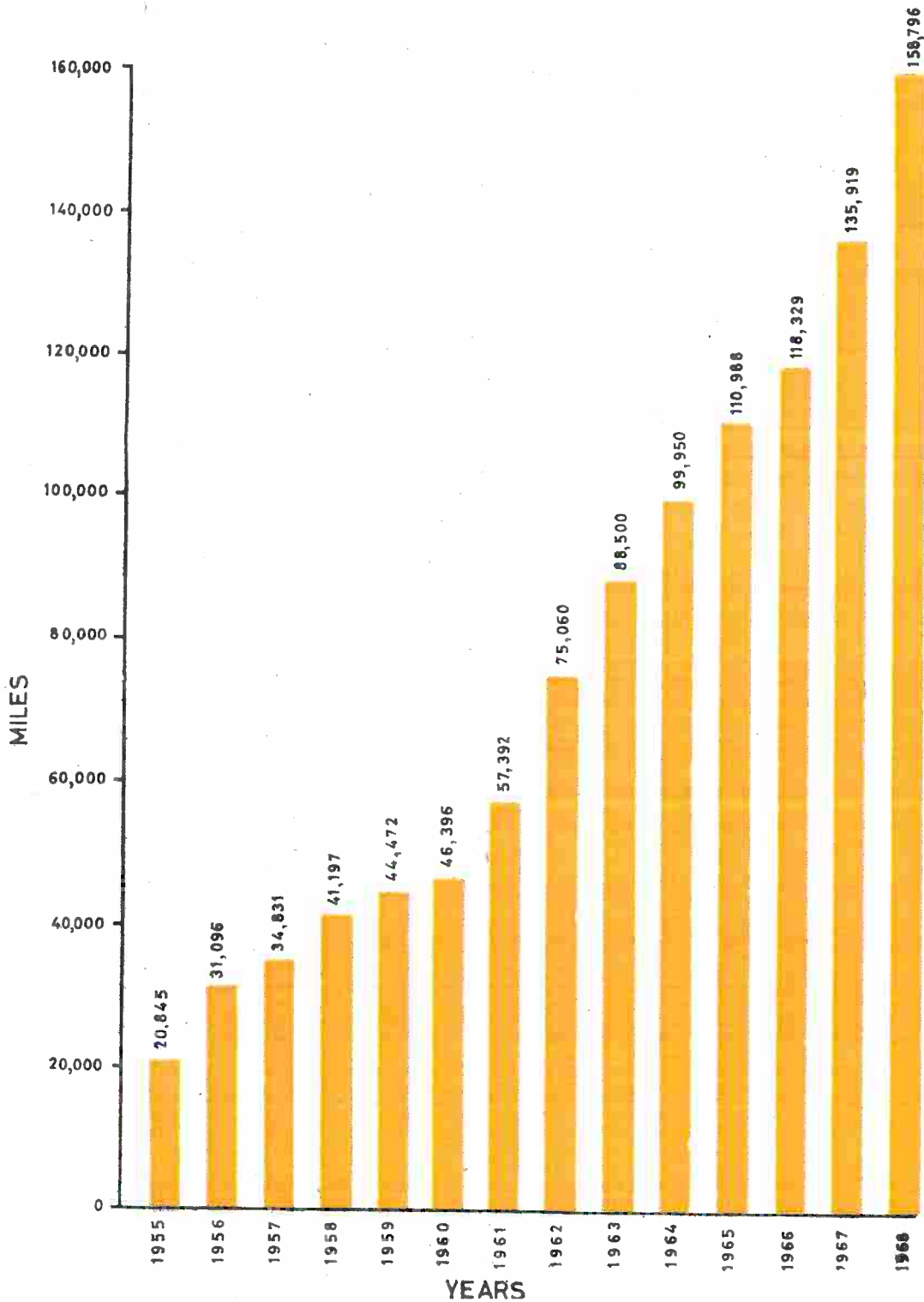
V. Line Plant.

a. Underground Line Distribution.

Item	Unit	1966	1967	1968
Manholes Constructed	No.	96	113	113
Duct Lines Laid	Miles	38.54	29.20	41.06
Cables Laid/Drawn	"	42.42	70.17	85.76
Above Cables Single Wire	"	7,841	17,590	22,877

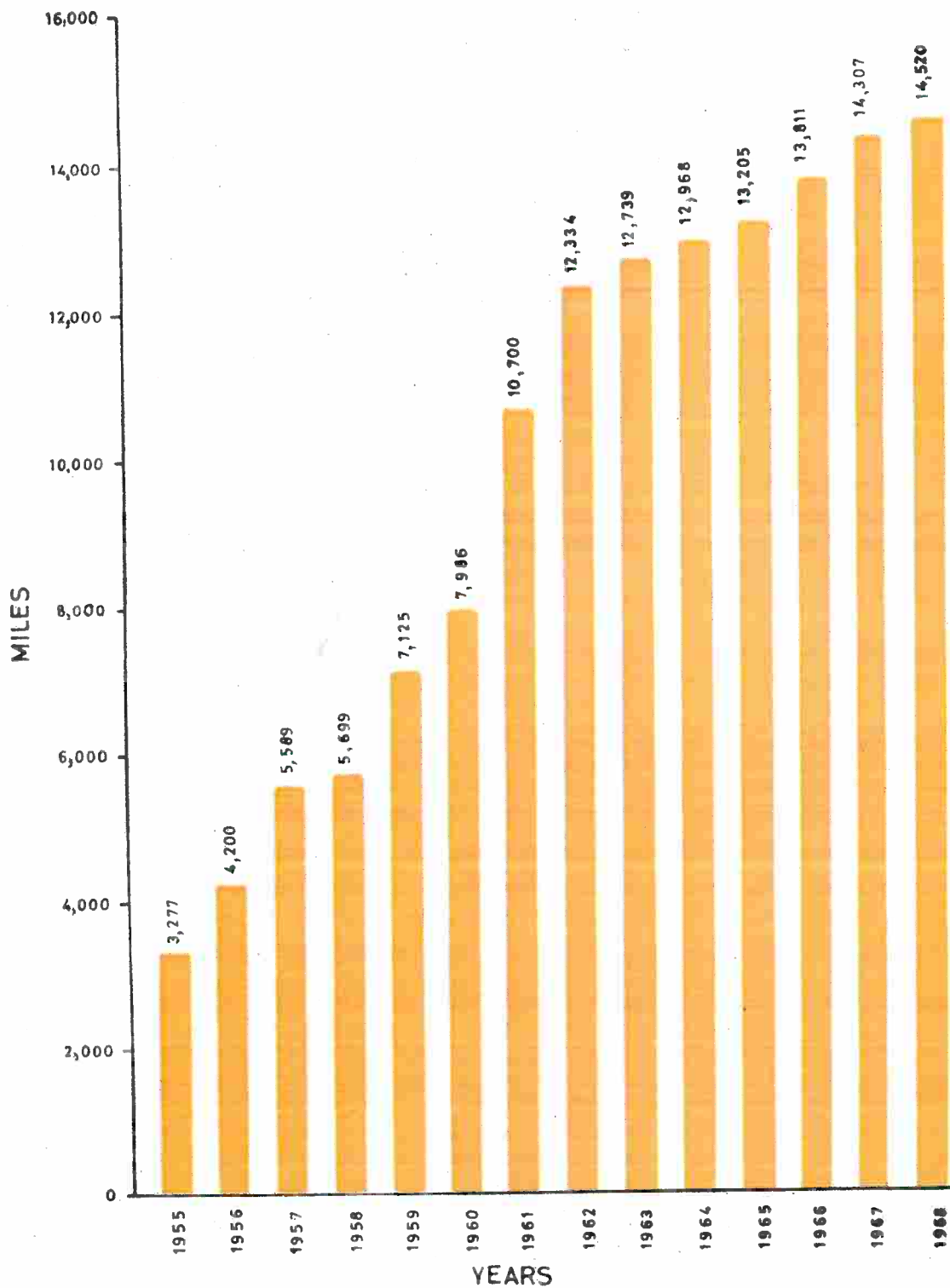
UNDERGROUND CABLES SINGLE WIRE LAID

GRAPH "A"



b. Overhead Line Distribution.

Item	Unit	1966	1967	1968
Pole routes installed	Miles	79	40	17
Single wire installed	"	606	496	213
Pole routes O/Hauled	"	38	285	268
Single Wire O/Hauled	"	358	4110	4288



VI. Subscribers' Installations.

The position of applications for the provision of telephone service and the number of telephones installed are shown here-below :-

	1966	1967	1968
Outstanding applications for the provision of telephone service as at the end of the previous year	1410	2026	2408
New applications received during the year	3478	3902	4644
Direct Exchange lines installed during the year	2680	2896	3761
Applications cancelled during the year	182	566	389
Balance of the waiting list as at the end of the year	2026	2408	2902

In addition to the above, the Authority continues to be heavily committed for the provision of prompt and efficient service to the National Guard and the United Nations Force in the Island.

Apart from the instruments for the 3761 new Direct Exchange Lines, 1350 instruments were installed for extensions, parallel telephones etc.

VII. Communal Installations.

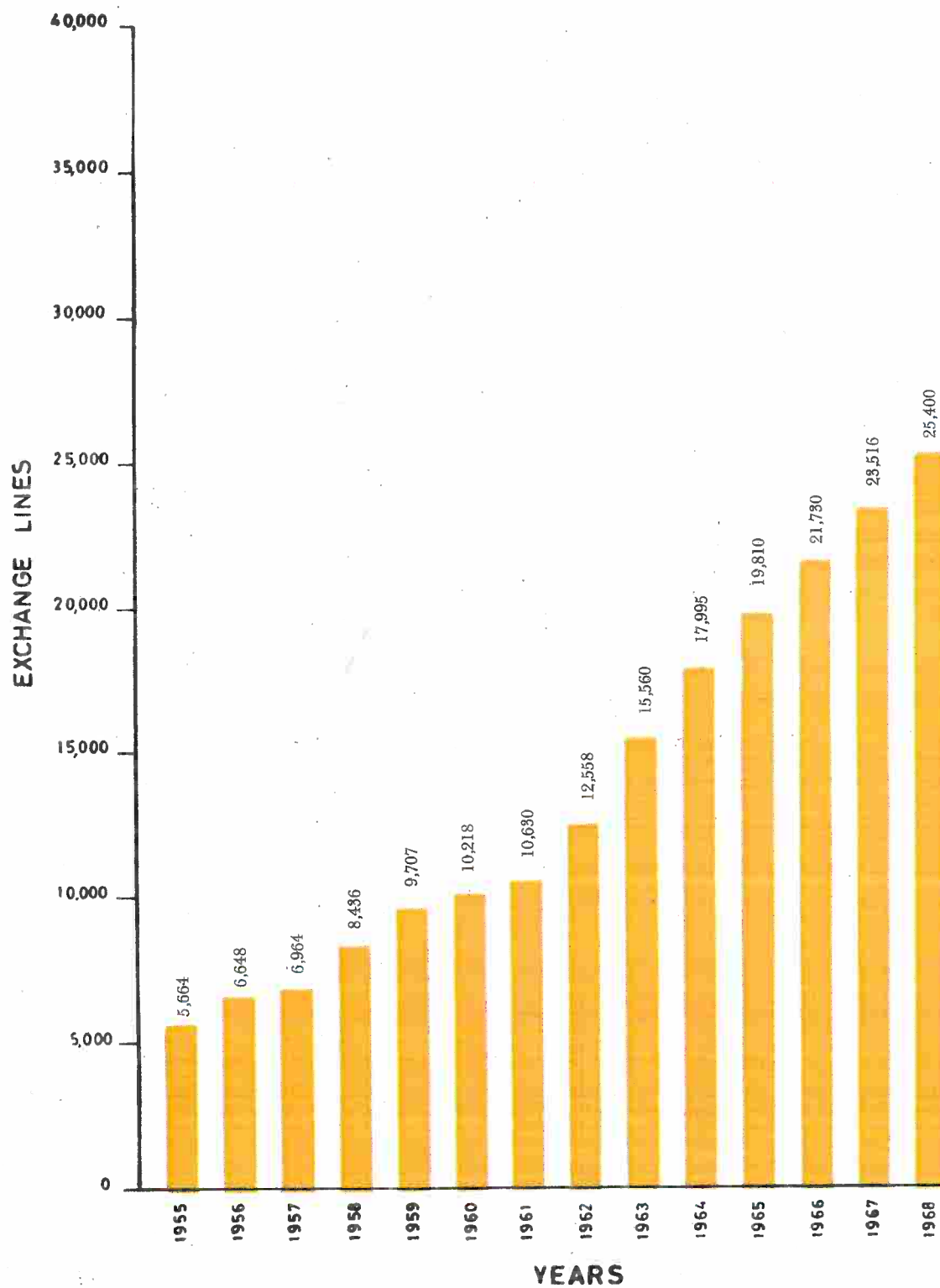
During the year eleven additional villages were connected to the public telephone system as hereunder bringing the total of village Call Offices to 488.

<u>Nicosia District</u>	<u>Famagusta</u>	<u>Limassol</u>	<u>Larnaca</u>
Askas	Strongylos	Phasoula	Psevdas.
Phterikoudi		Trachoni	
Pharmakas		Asomatos	
Kambi (Pharmaka)		Apesha	
Ay. Heraklidios Monastery			

The installation of communal (village) telephones continues to require a heavy capital outlay, whereas the revenue remains disproportionately low as compared with the expenses incurred.

GROWTH OF DIRECT EXCHANGE LINES

GRAPH "C"



**COMPARATIVE CHART SHOWING TELEPHONES OF CYPRUS
AND NEIGHBOURING COUNTRIES**

As at 1/1/1968

As at 1/1/1968

	No. of Telephones	Per Cent Population	Per Cent automatic		No. of Telephones	Per Cent Population	Per Cent automatic
CYPRUS	30,338	5.00	99.4		33,535	5.41	99.4
Lebanon	120,323	4.84	90.0		130,000	5.10	90.0
Israel	301,008	11.33	100.0		342,455	12.74	100.0
Iran	213,420	0.83	82.7		220,100	0.83	83.4
Iraq	76,000	0.90	80.0		77,500	0.91	80.0
Kuwait	31,528	6.31	100.0		43,012	8.04	100.0
Syria	85,911	1.55	91.4		91,383	1.59	91.0
Greece	579,076	6.69	95.6		660,129	7.52	96.4
Turkey	385,560	1.17	82.5		427,770	1.30	83.7
Yugoslavia	452,248	2.27	92.7		506,039	2.52	94.4
Roumania	510,000	2.66	80.0		550,000	2.84	80.0
Bulgaria	306,361	3.70	53.3		338,446	4.06	67.6
Italy	6,467,597	12.44	99.2		7,057,187	13.44	99.9
Algeria	140,000	1.15	70.0		145,000	1.14	70.0
U.A.R.	335,000	1.10	86.0		335,000	1.07	86.0
Spain	3,072,214	9.60	80.7		3,378,865	10.47	81.3

Total number of telephones in the world as at 1st January, 1968 was 222,400,000.

Note: The above information was obtained from "The World's Telephones" which is compiled and circulated by the American Telephone and Telegraph Company. The number of telephones shown comprises also the extensions.

TELEPHONES IN THE PRINCIPAL CITIES OF NEIGHBOURING COUNTRIES

	No. of Telephones	Population (thousands)	Telephones per 100 pop.
Nicosia	17,850	109	16.4
Beirut	87,558	651	13.4
Tel Aviv & Jaffa	162,928	778	20.9
Teheran	110,500	2,800	3.9
Damascus	40,624	618	6.6
Athens	434,243	2,201	19.6
Ankara	79,871	1,056	7.6
Belgrade	100,745	727	13.9
Rome	847,422	2,453	34.5
Madrid	753,123	2,892	26.0

D. MAINTENANCE.

I. Routine & Preventive Maintenance.

a. General Maintenance.

Reported faults, break-downs and malicious damages of the overhead routes were restored with the least possible delay by standby maintenance gangs.

The average analysis of fault per year was as in the past few years, one fault per circuit per year in the case of Town subscribers and seven per circuit in the case of Rural Call Offices.

b. Preventive Maintenance Work.

Based on the British Post Office system, the whole of the Authority's plant was routine tested during the year and any defects or weak were rectified, thus ensuring smooth and efficient operation of the services.

II. Workshops.

The Engineering workshops which are now housed in the Authority's premises at Votsis Street, continued to offer valuable services to the various sections of the Authority by making different kinds of cords, modifying and repairing telephone instruments and other equipment by constructing metal work frames, cable runway, antennae and office furniture.

Furthermore the Central Telegraph Office Workshops at the Main Offices maintained all teleprinter apparatus and other telegraph equipment, all the Authority's typewriters, the photo-list equipment in the Directory Section and the photocopying machines.

III. Transport.

The Authority maintains its own mobile fleet for the purpose of providing transport facilities to its various services, including the outstations. An efficient garage repair service operated during the year, with qualified mechanics who were also maintaining the Authority's emergency generators all over Cyprus.

During 1968 the Authority's mobile fleet numbered 106 vehicles (1967, 107) of different kinds and these were allocated to the various Departments according to the transport needs of each service.

The Table below indicates the miles covered and the average cost per mile :-

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Miles	756,575	846,000	915,331
Average Cost per mile (mils)	30	40	34

- Notes: a. The previous years' figures have been adjusted to reflect the actual cost per mile including depreciation and indirect charges.
b. The decrease in the average cost per mile to 34 miles (1967, 40 miles) is due to the increase in the total miles run in the year under review.

E. GENERAL TELECOMMUNICATION FACILITIES.

I. Mobile Radiotelephone Service.

This service continued to be rented to the public on the permanent and temporary hire basis until the 30th October, 1968 when the Authority advised the public that they could buy their own R/T equipment for mobile services, after obtaining the relevant licence from the Ministry of Communications & Works.

II. Broadcast.

The Authority's services and plant were made available to the Cyprus Broadcasting Corporation and to other similar bodies, for effecting outside broadcasts from any point in Cyprus. Such broadcasts included church services, theatrical performances, fairs, religious celebrations, football matches, voice casts etc.

Outside broadcast (local)	137	(117 in 1967)
Outside broadcast (overseas)	32	(22 in 1967)

A series of test broadcast programmes were transmitted for the Cyprus Broadcasting Corporation during the summer of 1968. These were intended for the Cypriots living in U.K. and reception reports are under study by the C.B.C. and the Cyprus Government with a view to deciding whether a regular service will be established in the future.

III. Overseas Voicecasts.

The majority of voicecasts were conducted with the United Kingdom and comprised transmission of correspondents news reports, football match commentaries and music programmes between B.F.B.S. Dhekelia and B.B.C. London.

Voicecasts effected during the past 3 years are as follows :-

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Number of Voicecasts	27	209	97
Number of Minutes	478	4121	2249

IV. Ship to Shore Radio Services.

With the limination of interference from local broadcasting stations on receive frequencies, operation of these services has been very satisfactory and a considerable increase in Radiotelephone Traffic has been recorded. The following comparative chart shows figures for 1966, 1967 and 1968.

a. Telephony

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Calls	716	801	1044
Minutes	1473	2977	3955

b. Telegraphy

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Telegrams	4199	4312	3821
Words	60643	65119	56994

V. Facsimile (Radio Pictures).

Apart from the normal facsimile service, a number of pictures were received from London and Rome at the request of the

Cyprus Broadcasting Corporation for their television news service. This has now been discontinued as C.B.C. has established its own facsimile circuit.

The following table shows comparative figures of pictures handled over the past 3 years.

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Received	83	66	64
Forwarded	53	220	59

VI. Civil Aviation Signals.

With the exception of the Control Tower facilities, all telecommunication services are operated by the Authority on behalf of the Department of Civil Aviation, Ministry of Communications & Works on the procedures and recommendations laid down by the International Civil Aviation Organization (ICAO). These comprise radiotelephone communication with aircraft in flight within the Cyprus Information Region and direct radiotelephone and telegraph communication with the International Airports and countries shown below :-

Athens	—	Greece
Ankara	—	Turkey
Beirut	—	Lebanon
Lydda	—	Israel

In addition, direct radiotelephone communications with Cairo Airport is provided.

Air Navigational Aids are also provided for use by Civil Aircraft in the form of one VHF Omni Range System (VOR) and four Non-Directional Radio Beacons located in the Nicosia, Myrtou and Dhekelia areas.

The main changes and improvements in the service effected during 1968, are the following :-

- The last telegraph circuits operated on morse (Cairo and Lydda airports) were converted to teleprinter in June.
- Owing to the increased telegraph traffic with Athens Airport a second 24-hour teleprinter circuit was established as from January.
- Five Ground-to-Air VHF speech channels were officially handed over to the Department of Civil Aviation on April 15th. These are operated from the Control Console at the ACC with

the main transmitters and receivers at Yaila and standby ones in Nicosia.

As a result of the above changes the service was greatly improved and traffic handled during the year was considerably increased as may be seen from the following figures :-

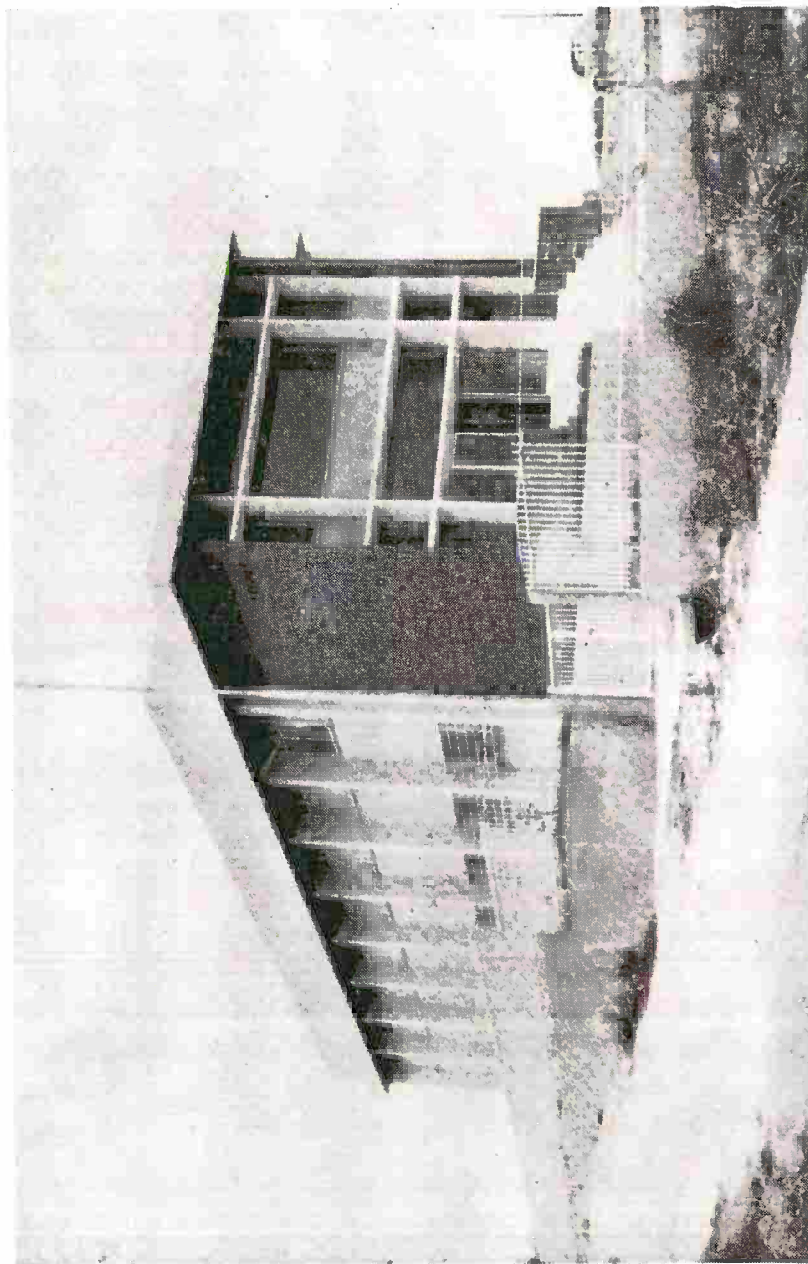
1966 8,355,030 groups transmitted and received

1967 14,433,260 groups transmitted and received

1968 22,002,510 groups transmitted and received

Nearly all the above traffic was handled over Radio Teletype circuits.

With the installation of the computer equipment nearing completion, the Fully Automatic Switching Centre to which reference was made in the 1967 Annual Report, is scheduled to go into operation in the middle of 1969. This system will be used to speed the transfer of telegraph messages in the new Aeronautical Fixed Telecommunications Network at the Nicosia Airport and will greatly improve the efficiency of Civil Aviation Communication in the Eastern Mediterranean.



Acropolis Satellite Exchange - Nicosia.

4. TELEPHONE AND TELEGRAPH OPERATING SERVICES

I. GENERAL.

There is a constant increase in the volume of traffic of the telephone and telegraph services which is of course anticipated as gradually these services tend to become indispensable and at the same time more readily provided.

II. TELEPHONE OPERATING.

a. Local Service.

The local automatic service was most satisfactory on the whole, except for interruptions in certain parts of the system due to faults which were speedily repaired.

The number of calls made for the last three years are as hereunder :-

<u>1966</u>	<u>1967</u>	<u>1968</u>
33,136,500	36,232,000	36,489,000 (2 million calls were lost because of the strike in November, 1968.)

b. Trunk Service.

The trunk service provided was also normally satisfactory all over the island, except for some delay experienced during the peak hours of the summer months, especially for connections between the main towns.

The above was due to an unprecedentedly high traffic and in the case of the Nicosia—Famagusta route to the interruption of a large number of high grade channels carried over wires passing through the Turkish village of Chaltos.

It is expected that the delays mentioned above will automatically cease with the introduction of the Subs Trunk Dialling in the near future but until this is effected the Authority's operating staff are painstakingly trying to serve the public to the best of their ability.

The number of Trunk Calls effected for the last three years are as hereunder :-

<u>1966</u>	<u>1967</u>	<u>1968</u>
3,038,109	3,232,172	3,560,000

c. Enquiries Service.

The enquiries service, which continues to be freely given to the public was very popular, but on the whole greatly abused. Thousands of enquiries were made every day for telephone numbers which appear in the telephone Directory provided free to subscribers.

d. Overseas Service.

This service continued to show an allround increase during the year, especially in the case of services with Greece and the United Kingdom.

The introduction of the Tropospheric Scatter System between Cyprus and Greece made it possible to increase the hours of operation by more than 100%, with the result that calls can now be effected almost immediately upon booking. Furthermore there was great improvement in the quality of the speech channels.

Considerable delay and difficulties with our London traffic were experienced because of shortage of channels and bad quality of the High Frequency lines due to unfavourable atmospheric conditions.

The Authority has repeatedly requested London to increase the number of channels and the hours of their operation, but unfortunately so far there was no response to this request. Furthermore the Authority plans to introduce the Lincompex system to the existing channels with London in order to improve the quality of the connections.

The following chart shows comparative figures of the service effected with countries connected with direct circuits for 1967 - 1968.

Country	Number of channels		Hours of operation per week		Traffic Figures in minutes	
	1967	1968	1967	1968	1967	1968
Greece	5	8	594	1344	200824	273000
U.K.	3	4	201	291	150640	167857
Lebanon	2	2	336	336	81580	95458
Israel	2	2	336	336	31346	41870
Turkey	1	1	12	12	11251	9750
U.A.R.	1	1	6	6	1741	1631
Syria	1	1	6	6	1278	1554

15 19 1471 2331 67860 591120

III. TELEGRAPH OPERATING.

The amount of press telegraph traffic is influenced by political events in the island, and fortunately 1968 was a peaceful year and therefore Press Traffic was in general low.

The number of internal and external Teleprinter Circuits remained the same i.e. 12 and 4 respectively.

Comparative statistical information on telegraph work appears herebelow :-

Number of Inland Teelgrams forwarded:						1967	1968
January	..	..	..	..	..	7145	5204
February	..	..	..	..	..	4027	3468
March	..	..	..	..	..	4613	4299
April	..	..	..	..	..	3277	4713
May	..	..	..	..	..	9330	6548
June	..	..	..	..	..	6262	5580
July	..	..	..	..	..	6036	4136
August	..	..	..	..	..	3478	3410
September	..	..	..	..	..	7702	6065
October	..	..	..	..	..	9304	5469
November	..	..	..	..	..	6969	3037
December	..	..	..	..	..	11664	5785
						79807	57714

A decrease of 27.68% has been observed in 1968.

Number of Overseas Telegrams forwarded including Cyprus radio.						1967	1968
January	..	..	..	..	..	12948	13396
February	..	..	..	..	..	11621	11907
March	..	..	..	..	..	12334	12434
April	..	..	..	..	..	12334	13178
May	..	..	..	..	..	13969	14194
June	..	..	..	..	..	15108	12295
July	..	..	..	..	..	12843	11957
August	..	..	..	..	..	12486	12986
September	..	..	..	..	..	12687	13328
October	..	..	..	..	..	12787	14048
November	..	..	..	..	..	15438	7364
December	..	..	..	..	..	14521	12809
						159576	149896

A decrease of 6.07% has been observed in 1968.

Number of Phototelegrams forwarded:						1967	1968
January	..	..	..	..	..	7	11
February	..	..	..	..	..	3	11
March	..	..	..	..	..	39	3
April	..	..	..	..	..	42	7
May	..	..	..	..	..	—	10
June	..	..	..	..	..	13	8
July	..	..	..	..	..	—	—
August	..	..	..	..	..	2	3
September	..	..	..	..	..	—	1
October	..	..	..	..	..	8	—
November	..	..	..	..	..	78	1
December	..	..	..	..	..	28	4
						220	59

A decrease of 73.19% has been observed in 1968.

5. ADMINISTRATION AND STAFF

I. TRADE UNIONS - STAFF RELATIONS AND JOINT COMMITTEE

The year under review proved one of the most difficult in the Authority's history of Management/Staff relations on account of the submission of a number of claims by the Unions amounting to 62.8% increase of the Authority's payroll, on matters already resolved in an agreement reached in 1966 and expiring in June 1969. (1966 Annual Report refers).

The Authority had refused to enter into negotiations on matters already resolved as per the agreement mentioned above and a strike was declared which lasted for four days from 27.7.68 to 30.7.68. The Authority later agreed to start negotiations with the Unions on an open agenda including the validity of the then existing agreement.

The negotiations failed to produce positive results and a deadlock was reached. The matter was then referred by mutual agreement to the Ministry of Labour and Social Insurance for mediation.

After long and arduous negotiations and in spite of the good services of the Ministry of Labour and Social Insurance the deadlock continued.

Thereupon a strike was declared for the 18th November.

The Authority in its final effort to avoid the strike, submitted new counter proposals, which as per an agreement reached with Trade Union Officials would mean the continuation of the negotiations and the calling off the strike.

Whilst, therefore, the negotiations with the abovementioned arrangement were in progress, and the Authority had counter-proposed concessions amounting to 24.53% — of which 19.2% represented direct salary and cost of living increases on the 1967 wage-roll, the Union declared the strike, having rejected the Authority's offer as unsatisfactory.

After 17 days of strike, a formula was devised by the Minister of Labour and Social Insurance, which permitted the employees' return to work and resumption of negotiations, which were still

in progress by the end of the year. (Negotiations resulted in an agreement in February 1969 estimated to increase the Authority's 1967 wage-roll by 25%).

II. JOINT CONSULTATION.

In spite of the situation as described above, the Joint Management/Staff Committees dealing with general staff matters continued to function satisfactorily as hereunder.

a. Staff Safety and Welfare

1. Safety:

The Safety Committee made every effort during the year towards the elimination of accidents and to this effect the following action was taken :-

- 1a. All accidents reported during the year were promptly and thoroughly investigated and every effort was made to establish their cause and avoid their repetition.

Comparison of reported accidents for 1967 - 1968.

	<u>1967</u>	<u>1968</u>
Accidents not necessitated sick leave	16	11
Accidents necessitated 1-3 days sick leave	8	10
Accidents necessitated 4-30 days sick leave	26	30
Accidents necessitated over 30 days sick leave	3	5
Fatal Accident	—	1
Total	<u>53</u>	<u>57</u>

- 1b. Safety lessons were included in CYTA's Training Programs and Induction courses.

- 1c. The Authority participated in the Pancyprian Safety week from 21 - 28 September, 1968, organized by the Ministry of Labour & Social Insurance.
- 1d. The First Aid Boxes provided by the Authority, were properly maintained with prescribed contents.
- 1e. Illustrated Safety Posters for the prevention of accidents were displayed on the "Safety Notice Boards", which were diligently maintained.

2. Welfare:

- 2a. The Welfare Fund is voluntarily financed by regular contributions made by the Authority and employees. Small sums were allocated towards relieving a number of really needy cases, the Fund's money being saved for a number of years for the purpose of organizing welfare projects of interest to all employees.
- 2b. The Committee is actively pursuing the establishment of a sea-side rest camp for the employees and their families and to this effect a suitable site was provisionally secured in the Kyrenia area.
- 2c. Christmas Parties and Children's Parties were organized for employees and their children respectively in all Offices and Branches of the Authority. All expenses incurred were paid by the Authority.

III. ESTABLISHMENT AND PROMOTIONS.

The Establishment designates the various Departments of the Authority and their services and specifies the number of employees in each grade required for the conduct of the Authority's business. The Establishment is revised as and when required for the purpose of giving effect to the Authority's policy adopted from time to time.

The implementation of the 1968 Establishment resulted in the following promotions and confirmations.

	<u>1967</u>	<u>1968</u>
Promotions (including acting appointments to vacant posts)	58	113
Transfers of T.M.P. to Permanent Staff	6	4
Transfers of W. P. to Permanent Staff	64	1
Promotion of Hourly Paid to Permanent Staff	54	2
Promotion of Hourly Paid to W.P. Staff	31	1
Various transfers to other scales	37	—

Comparison of Staff Strength for the year 1967-1968

	Number of employees	
	<u>1967</u>	<u>1968</u>
Administration and Accounts	222	233
Engineering	844	830
Telegraph Operating	132	130
Telephone Operating	188	184
TOTAL	<u>1386</u>	<u>1377</u>

	<u>1967</u>	<u>1968</u>
Monthly Paid	1215	1206
Weekly Paid	171	171
	<u>1386</u>	<u>1377</u>
Less		
Turkish employees not attending to duty (Out of 291 Turks only 22 attended to duty)	269	269
Actual number of staff	<u>1117</u>	<u>1108</u>
Employees on National Guard (The actual number of employees on National Guard in 1968 is 17 but 12 employees are working with CY.T.A. after special arrangement made between the Authority and the Gen. Staff on National Guard and the work of the other 5 employees was covered voluntarily by the other staff)	5	—
Actual staff employed	<u>1112</u>	<u>1108</u>
Note: Average casual employees	328	404

IV. CONDITIONS OF EMPLOYMENT - FORM OF AGREEMENT.

The Joint Management/Staff Committee set up for the compilation of all the conditions of service and various agreements on staff matters into a comprehensive Form of Agreement, made further progress during the year, but the whole work will have to be reviewed during 1969, in the light of the expected new agreement on the claims submitted by the Unions.

V. PENSION AND PROVIDENT FUNDS.

The final agreement on the Pension Fund has not yet been concluded.

Further progress, however, was made during the year and as reported in the 1967 annual report, after the final agreement on the Pension Fund (the Provident Fund having already been agreed upon) both Funds, Provident and Pension will be submitted to Government for approval.

VI. TRAINING.

The Authority is vitally interested in the training of its staff in a general way and particularly in ensuring that both existing and newly recruited employees acquire the knowledge and skills for coping with the Authority's needs. This has resulted in the planning and implementation of a wide Training Programme since 1967.

Although it is not easy to measure the immediate benefits derived from the first two years of the abovementioned Training Programme, it can be safely claimed that it enabled those to whom it was provided to perform their duties in a more effective and generally satisfactory manner.

The Authority's expenses for training during 1968 amounted to £42,138 - £9,781 for travelling expenses and tuition fees and £32,357 salaries etc. (£18,657 were spent in 1967) and included the following :-

a. Training Abroad for:

- | | |
|---|---------------|
| i. Installation of Telex Exchanges | - 2 employees |
| ii. H.F. Communication Techniques
(at Marconi College, UK) | - 6 employees |
| iii. Installation and Maintenance of Automatic Message
Switching Centre (AFTN), (at Marconi College, UK) | - 4 employees |
| iv. Installation and Maintenance of VHF Omnidirectional
Radio Range/Distance Measuring Equipment (VOR/DME) | - 2 employees |
| v. Maintenance of Telex Exchanges | - 2 employees |
| vi. Cable Balancing | - 3 employees |
| Total number of employees trained abroad 19 (18 in 1967). | |

b. Training in CYTA's Training Centre.

- | | |
|--|---------------------------------|
| i. Induction Courses for Technical Probationers and
Skilled Workmen engaged during the year | - 113 employees |
| ii. Course on Basic Electricity | - 26 employees |
| iii. Courses for the maintenance of Teleprinters | - |
| iv. Course on FRXD's | - 6 employees |
| v. Auto Maintenance Course | - 18 employees |
| vi. Course for the Installation of Teleprinters
"Siemens T.100" for Telex | - 20 employees |
| vii. Course for the Maintenance of Teleprinters "Greed 444"
"Siemens T.100" for Telex | - 6 employees
- 31 employees |
| viii. Radio and Transmission Course | - 26 employees |
| ix. Course on EAC Radio Link | - 7 employees |
| Total number of employees trained at CYTA'S
Training Centre 253 (145 in 1967). | |

- c. Courses organized by the Cyprus Productivity Centre - Ministry of Labour and Social Insurance.

A number of senior employees were facilitated and attended various courses organized by the Cyprus Productivity Centre at the Authority's expense.

- d. Payment of Tuition and Examination Fees.

All employees, who had attended courses relative to their work and passed the prescribed examination were refunded their tuition and examination fees.

VII. MEDICAL FUNDS - MEDICAL TREATMENT - SICK LEAVE.

- a. Monthly Paid Personnel.

All monthly paid employees of the Authority are members of the existing CY.T.A. Medical Fund, which provides medical aid to members at approved rates, in accordance with the rules of the Fund.

The administration of the Fund is carried out by a Committee and it is financed jointly by its members and the Authority, each party contributing 1% of the members' basic salary. During the year 1968 the sum of £13,049.512 was paid out of the Fund as benefits and the Fund's cash position as at 31st December 1968, was £1,421,210.

- b. Weekly Paid Personnel.

All the weekly paid employees are members of the Government Social Security Scheme and enjoy sick leave and medical treatment in accordance with the rules of the Scheme.

The membership to the fund provides a contribution of 1% of the wages of each member and an equal amount of contribution by the Authority.

- c. Sick Leave granted to Monthly Paid Employees.

- i. The sick leave granted to Monthly Paid employees is a cost to the Authority and the Man-days lost are as hereunder:-

						No. of Man-days lost	
						1967	1968
Clerical Staff	..	..	..	..	..	1192	1366
Telephone Operating Staff	..	..	..	..	..	1091	1333
Telegraph Operating Staff	..	..	..	..	..	393	241
Technical Operating Staff	..	..	..	..	..	277	276
Technical Staff	..	..	..	..	..	774	834
Skilled Staff	..	..	..	..	..	1615	1979
Messengers	..	..	..	..	..	219	336
						<u>5,561</u>	<u>6,365</u>

d. Sick Leave granted to Weekly Paid Employees.

The man-days lost in respect of the sick leave granted to Weekly Paid Employees during the year 1968 were 658 days (476 in 1967).

The cost of the man-days lost (except the first day of each period of sick leave granted to employees) are reimbursed to the Authority by the Government Social Security Scheme and the total amount reimbursed amounts to £847.302 mils.

e. Sick Leave granted to Hourly Paid Employees.

The Sick Leave granted to Hourly Paid employees is a cost to the Authority (except the first day of each period of sick leave granted which is lost by the employee) and the Man-days lost during 1968 are as hereunder :-

						No. of Man-days lost	
						1967	1968
Clerical Staff	..	..	..	..	..	57	138
Telephone Operating Staff	..	..	..	..	..	219	599
Technical Operating Staff	..	..	..	..	..	7	3
Technical Staff	..	..	..	..	..	108	127
Skilled Staff	..	..	..	..	..	116	298
Messengers/Watchmen/Cleaners	..	..	..	..	..	140	171
						647	1336

Annual Leaves - All Staff

Table showing the leave entitlement :-

		No. of Working days	
		1967	1968
Balance brought Forward from previous year		12,191	12,552
Leave entitlement for the year		29,951	32,119
	TOTAL	42,142	44,671
Less:-			
Leave granted during the year		29,690	33,420
Balance due to employees		12,552	11,251

6. COMMONWEALTH TELECOMMUNICATIONS
BOARD
AND
COMMONWEALTH TELECOMMUNICATIONS
COUNCIL

The Chairman of the Authority, Mr. J. Cl. Christophides, in his capacity as the appointed Representative of the Government to the above bodies attended the Third Commonwealth Telecommunications Council Meeting held in Montreal from 5th to 16th August, 1968.

During the year the Commonwealth Telecommunications Board held 25 Meetings in London (426th—450th Meetings), and maintained close liaison with the C.T. Council.

The New Commonwealth Telecommunications Organisation provides for the termination of the C.T. Board on 1st April, 1969.

During the year the Commonwealth Telecommunications Bureau was established in accordance with the provisions of the constitution of the New C.T. Organisation. The General Secretary, Senior and other staff of the Bureau were appointed.

The basic principles governing the Financial Arrangements (Common-User concept) will continue to be in force under the New "Commonwealth Telecommunications Organisation Financial Agreement", the relevant provisions being incorporated in the New Definitions and Procedures agreed by the Council.

7. FINANCIAL REPORT

GENERAL.

Had it not been for the loss of revenue during the two strikes by the Authority's staff in 1968 and for the consequent sharp increases in wages and salaries, the year under review would have shown considerable surpluses.

The 1968 strikes resulted into an approximate loss of £60,000 in net revenue and the revised salary scales added an amount of £151,000 (net) to the wages of 1968. This amount is a net figure after deducting some £45,000 representing the salaries of employees lost to them for the 17 days they were on strike in November/December, 1968.

The following table shows the 1968 increase in salaries, wages, allowances etc. over those of 1967 :-

	£
Additional Staff	41,000
Annual Increments	27,000
Promotions	16,000
Overtime	—15,000
C.O.L.A. by 2.9%	18,000
Contributions on Salaries and Wages	12,000
Revision of Salary Scales	196,000
	<u>£ 295,000</u>
Less: 4day Strike (August)	£ 7,000
17day " (Nov/Dec)	45,000
	<u>52,000</u>
Net increase in 1968	<u>£ 243,000</u>

Since the Authority has been financing its development programmes mainly from revenue surpluses and from the sums set aside yearly to cover the depreciation of its plant and equipment, it is apparent that the salary increases mentioned above will have a serious impact on the financial ability of the Authority to keep up the pace of required development.

DEVELOPMENT.

The substantial amount of £806,094 (£881,136 for 1967) was spent on expanding the telecommunications network and for providing additional services. The expenditure includes heavy capital outlay on the Exchanges, Subscribers Apparatus and Line Plant (£431,000), the Telex Exchange (£71,000) and the installation at the Nicosia Airport of V.O.R. equipment and the Automatic Message Switching Centre (£190,000); the latter two projects were mainly installed to cater for the telecommunication needs of the Civil Aviation Department for which the Authority secured loans amounting to £149,634.

CASH POSITION.

The cash at Bank and in hand as at 31.12.1968 amounted to £325,921. Of this amount no fixed deposits were maintained (1967 £205,254), in order to meet various financial commitments due for payment early in 1969 including the forecasted employees back-pay resulting from the revision of salary scales.

FINANCING.

The reduction in the rates of interest payable on the Government loans and the forecasted additional revenue from the new services and facilities would have improved the Authority's finances considerably, had it not been for the salary increases, which were instrumental in reducing the return of capital employed from 4.8% in 1967 to 1.3% in the year under review.

THE ACCOUNTS.

A comparison of Revenue/Expenses 1967—1968 shows :-

Revenue	1967	1968
Telephone Services	£ 1,129,740	£ 1,175,476
Telegraph Services	384,026	407,020
Other Services	71,069	140,137
Total	£ 1,584,835	£ 1,722,633
Expenses	1967	1968
System Operational	£ 965,872	£ 1,216,549
Establishment	61,617	67,555
Administrative	206,067	241,168
Operating Expenses	£ 1,233,556	£ 1,525,272
Financial & Other Expenses	206,536	159,033
Total Expenses	£ 1,440,092	£ 1,684,305

As in every year the additional subscribers and the public's greater usage of the services provided the increased revenue; the "Other Services revenue" has increased by the provision of additional services during the year mainly radio telegraph and telephone circuits.

The rise in the Operating expenses is mainly due to the pay increases awarded to the employees on the revision of salary scales whilst the reduction in the Financial and Other expenses is due to the decrease on the interest payable on the Government Loans.

Revenue Account.

Income for the year from Operating amounted to	£ 1,722,633
which after deduction of Operating Expenses	1,525,272
Resulted in an Operating Balance of	<u>£ 197,361</u>
To the Operating Revenue of	£ 1,722,633
there was added Other Income of	23,917
which made a total of	<u>£ 1,746,550</u>
Less :-	
Operating Expenses	£ 1,525,272
Financial & Other Expenses	159,033
made a total to be deducted of	<u>£ 1,684,305</u>
resulting in a Revenue Balance for the year of	<u><u>£ 62,245</u></u>

APPROPRIATIONS.

The Revenue Balance of £ 62,245 has been increased by £ 57,407 in respect of revenue relating to prior years and by £ 141,143 being overprovision of interest on Government Loans in prior years and the resultant balance has been appropriated as follows :-

a) Revenue Balance for year	£ 62,245
b) Net revenue relating to prior years	57,407
c) Interest on capital borrowings overprovided in prior years	141,143
	<u>£ 260,795</u>
Less Provision for Staff Superannuation Back Service Credits	30,000
	<u><u>£ 230,795</u></u>

The said amount of £230,795 has been added to the Revenue Balance of £818,746 as at 31.12.67 thus making a total of £1,049,541 Revenue Balance as at 31.12.1968.

BALANCE SHEET.

Fixed Assets

As at 1st January, 1968 the net book value of the Authority's fixed assets was £3,638,179.

Sundry capital works executed during 1968 together with other capital expenditure increased the Fixed Assets as follows :-

Gross Book value as at 1st January, 1968	£ 5,497,572
Capital Development during year :-	
i) Telecommunications Installations	£ 729,433
ii) Other Expenditure	76,661
	<hr/>
	£ 806,094
Less Installation and Removal	
Charges Recovered	£ 35,527
Disposals during year	99,254
	<hr/>
	134,781
	<hr/>
	671,313
	<hr/>
	£ 6,168,885
Accumulated depreciation 31st December, 1968	
which must be deducted	2,089,518
	<hr/>
Resulted in a Net Book value as at	
31st December, 1968 of	<u>£ 4,079,367</u>

Current Assets

The reasons for the keeping of stocks at about the same level as that of 1967 are the increased requirements for maintenance materials on the new Installations, the Subscribers Telex Units awaiting installation and the substantial amounts in capital equipment required for the 1969 development; every possible effort is being made to maintain the stocks at a reasonable level.

Creditors

The creditors and long term liabilities as per Balance Sheet are analysed as follows :-

	1967	1968
Suppliers	£ 274,661	£ 344,229
Staff Costs Accruals	32,825	170,684*
Telephone & Telex Rentals (in advance)	15,310	40,529
Accrued charges and credit balances	77,295	78,640
Creditors and Accrued Charges	£ 400,091	£ 634,082
Add:		
Long-term Liabilities (Suppliers)	411,662	431,314
Total	£ 811,753	£ 1,065,396

* This amount includes a provision of £151,000 for the retroactive increases in salaries.

Capital Borrowings

Apart from the consolidation of the Loans with the interest due thereon, mentioned in Note (4) of the "Notes on the Accounts", and the non-redemption of the £100,000 6% telecommunications stock, an additional loan of £149,634 (plus 1968 capitalised interest of £3,159) was granted to the Authority by Government to finance the Message Switching Centre at the Civil Airport; under the terms of the Agreement this latter loan will be repaid over a period of 15 years from 1970.

Thus the Loans position as at 31st December, 1968, after payment of the 1965/76 loan instalment of £3,637 was as follows:-

Government Loans:	£	
Loan 1973/87		2,988,000
Loan Commissioners:	£	
Loan 1965/76	36,461	
" 1969/83	189,379	
" 1970/84	152,793	
		378,633
Telecommunications Stock		
6% 1964/68		100,000
Total Borrowings		£ 3,466,633

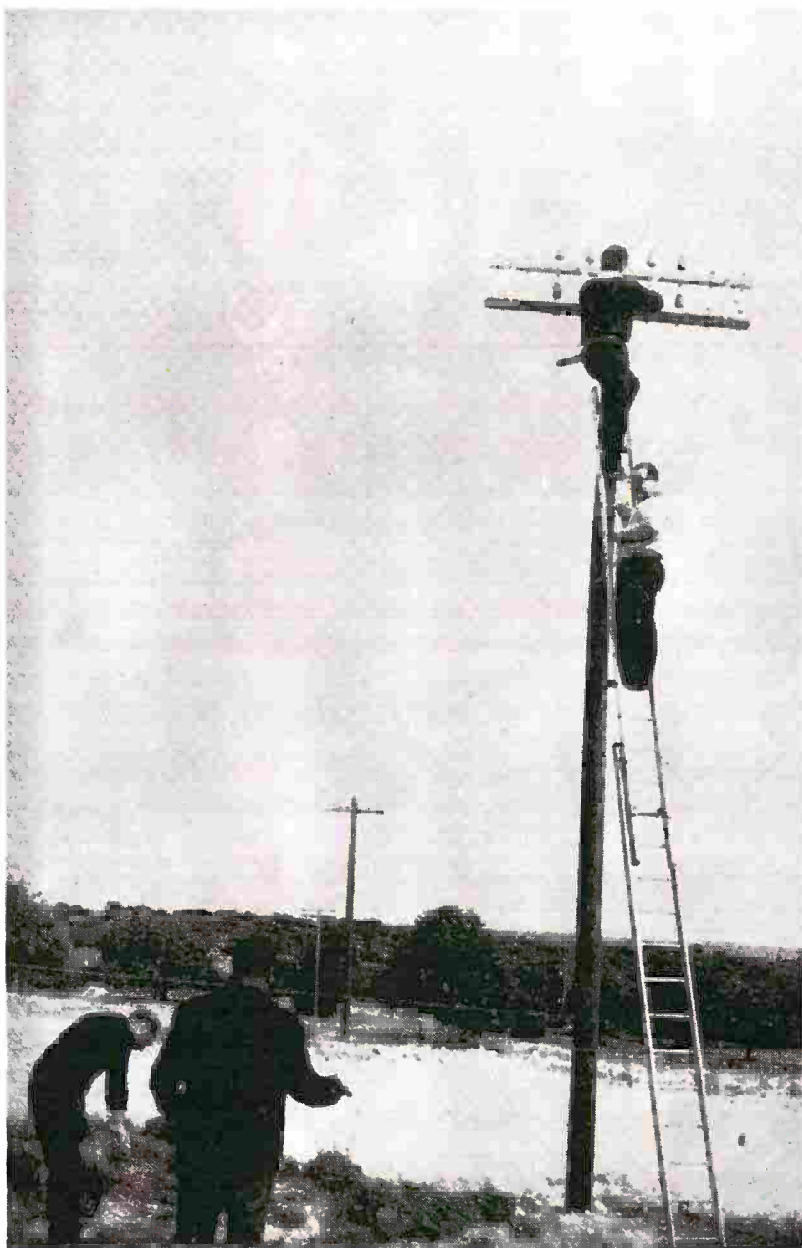
Interest on Borrowings

The interest of £69,885 on capital borrowings is the accrued interest as at 31st December, 1968 for payment on due date in 1969 as per the terms of the 1973—1987 Loan agreement terms, which provide for the payment of a rate of interest at 2½% for the period 1968/69—1973 raised to 5% per annum for the remaining period.

J. CL. CHRISTOPHIDES,
Chairman.

A. N. STYLIANIDES,
General Manager.

S. A. KOKKINIDES,
Secretary.



Authority's employees repairing an overhead line.

CYPRUS TELECOMMUNICATIONS AUTHORITY
FINANCING OF THE YEAR'S CAPITAL REQUIREMENTS

1956—1968

(£ thousand)

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
CAPITAL REQUIREMENTS													
Expenditure during year on Fixed Assets	314.8	310.4	259.9	230.3	181.2	655.3	592.3	405.1	246	381.1	371.3	881.1	806.1
Less: Residual Value of assets disposed	—	61.2	27.7	—	—	—	—	3	24.2	3.6	8.6	13.5	81.6
	314.8	249.2	232.2	230.3	181.2	655.3	592.3	402.1	221.8	377.5	362.7	867.6	724.5
Government Loan Repayments	—	—	—	—	—	—	—	—	—	3.2	3.3	3.4	4.6
	314.8	249.2	232.2	230.3	181.2	655.3	592.3	402.1	221.8	380.7	366	871	729.1
Increase/Decrease in Working Capital	-261.6	120.6	168	262.3	-1.5	-290.4	-302.1	-140.6	224	-98.7	155	-189.5	805.9
Total Requirements	53.2	369.8	400.2	492.6	179.7	364.9	290.2	261.5	445.8	282	521	681.5	1,535
FINANCED FROM													
<i>Internal resources :-</i>													
Depreciation	72.4	86.9	92.9	102.1	109.1	123.2	148.2	166.2	170.1	186.9	191.3	213.9	247.8
Balance of Revenue for year	-41.4	-15	17.7	52.5	11.1	29.1	14.3	2.1	215.6	172.2	184.1	163.4	62.3
Prior Period Recoveries/Expenses	—	15	15.4	8.6	32.7	5.2	8.3	-2.1	29.7	-31.9	-15.9	19.3	168.5
Installation Fees Recovered	22.2	32.9	24.2	29.4	26.8	24.6	27.9	27.9	31.4	26.6	25.3	34	35.5
	53.2	119.8	150.2	192.6	179.7	182.1	198.7	194.1	446.8	353.8	384.8	430.6	514.1
Capital Reserves	—	—	—	—	—	52.8	—	11.6	—	—	—	—	—
<i>External Borrowings :-</i>													
Government Loans	—	250	250	300	—	130	—	—	50	—	—	—	149.7
Capitalised Interest (Consolidated into Loans)	—	—	—	—	—	—	—	—	—	—	—	—	851.6
Increase/Decrease in long-term creditors	—	—	—	—	—	—	91.5	55.8	-51	-71.8	136.2	250.9	19.6
Total Finance	53.2	369.8	400.2	492.6	179.7	364.9	290.2	261.5	445.8	282	521	681.5	1,535

NOTE: The Capitalised Interest is in respect of interest arrears on Government Loans from 1961 to 1968.

CYPRUS TELECOMMUNICATIONS AUTHORITY

RETURN ON CAPITAL

1956—1968

(£ thousand)

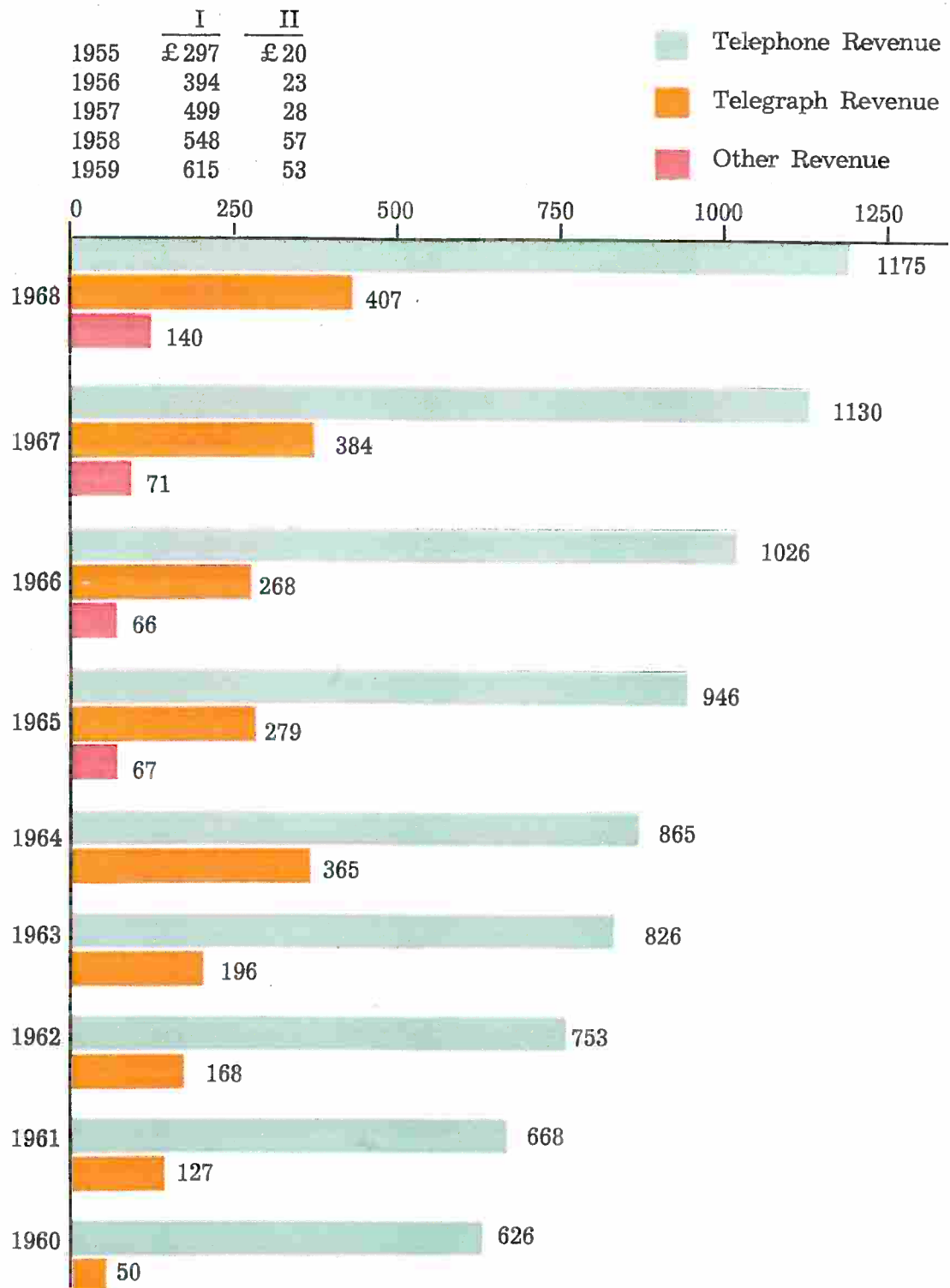
	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
NET ASSETS													
Fixed Assets less depreciation	1167.8	1297.3	1412.5	1511.3	1556.5	2064	2480.2	2688.1	2708.4	2872.4	3018.5	3638.2	4079.4
Stores in Stock	167	214	237.7	175.3	202.5	313.6	432	380.1	414.4	380.2	744.9	786.3	781.5
Other net assets	118.4	192	336.3	661	632.3	230.8	-281.2	-425.7	-185	-177.7	-523.6	-1005.5	-214.4
Net total Assets	1453.2	1703.3	1986.5	2347.6	2391.3	2608.4	2631	2642.5	2937.8	3074.9	3239.8	3419	4646.5
RETURN													
Revenue surplus :-													
i) before interest on borrowings	38.2	69.5	113.2	166	132.7	153.3	151.3	143.3	366	332.4	352.8	340.9	162.5
ii) After interest on borrowings	-41.4	-15	17.7	52.5	11.1	29.1	14.3	2.1	215.6	172.2	184.1	163.4	62.2
<i>Return as % on net total assets</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
i) before interest on borrowings	2.6	4.1	5.7	7.1	5.6	5.9	5.8	5.4	12.5	10.8	10.9	10.	3.5
ii) After interest on borrowings	—	—	.9	2.2	.5	1.1	.6	.1	7.4	5.6	5.7	4.8	1.3

CYPRUS TELECOMMUNICATIONS AUTHORITY

TABLE SHOWING OPERATING REVENUE 1960-1968

- I. TELEPHONE REVENUE
- II. TELEGRAPH REVENUE
- III. OTHER REVENUE

(£ thousand)



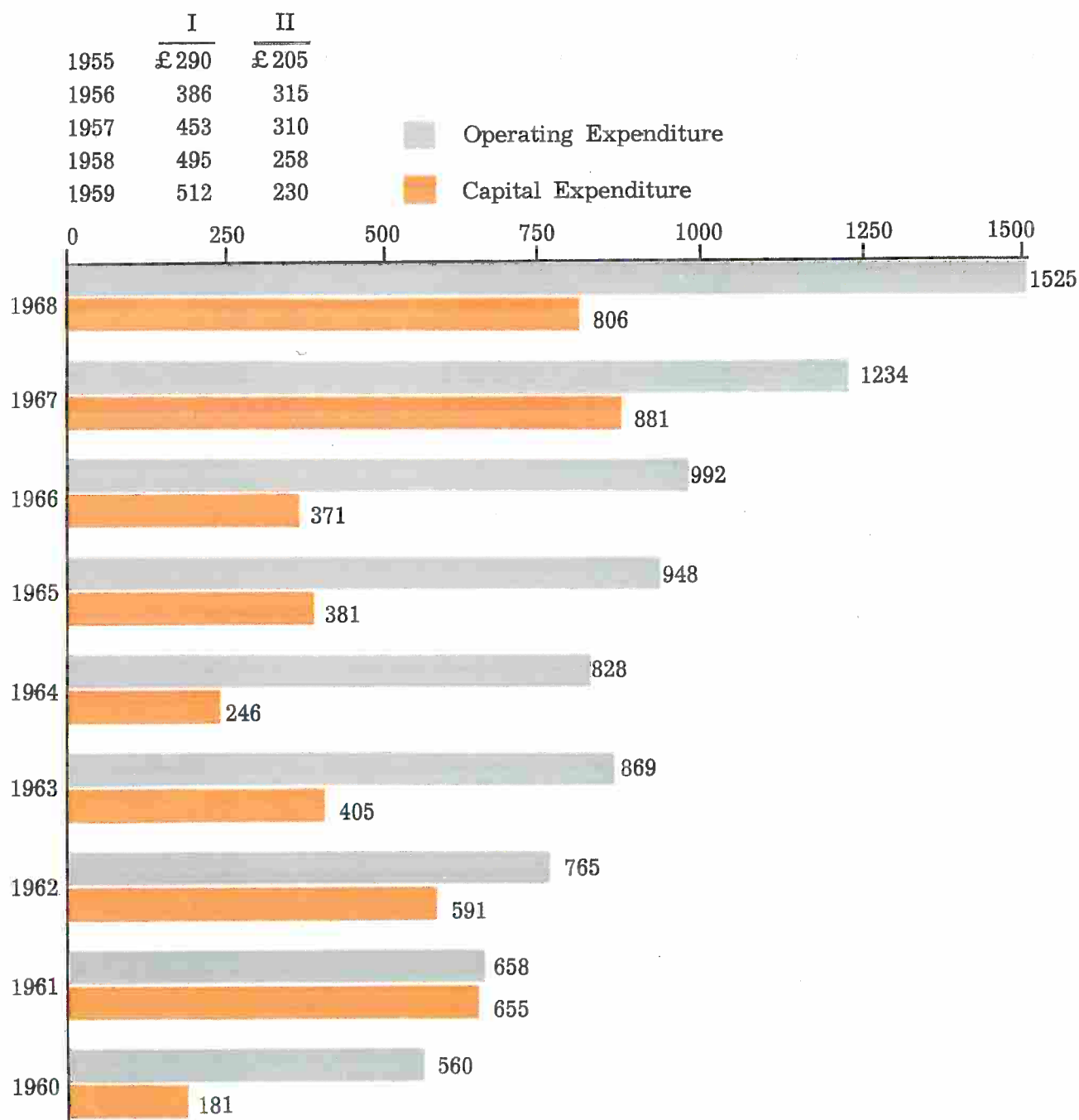
CYPRUS TELECOMMUNICATIONS AUTHORITY

TABLE SHOWING EXPENDITURE 1960 - 1968

I. OPERATING EXPENDITURE

II. CAPITAL EXPENDITURE

(£ thousand)



ACCOUNTS

CYPRUS TELECOMMUNICATIONS AUTHORITY

AUDITORS' REPORT

We have audited the annexed Balance Sheet and Revenue Account and have obtained all the information and explanations 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 Accounts, together with the Notes thereon, give respectively a true and fair view of the state of affairs of the Authority as at 31st December, 1968 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.

18th June, 1969.

CYPRUS TELECOMMUNICATIONS AUTHORITY

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1968

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.

Certain Lands were in course of registration in the name of the Authority as at 31st December, 1968.

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

2. STORES

The stores, which include plant and equipment for current development, 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 additional amount of £30,000 (1967 — £30,000) has been provided for in respect of these benefits. The £120,000 provided for to 31st December, 1968, 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

During the year under review the Authority's indebtedness in respect of certain capital borrowings has been reconstructed by consolidating these borrowings, including the unpaid accrued interest thereon, into new loans, the details of which are as follows, namely —

	£
Principal—	
3% Telecommunications (Second Issue) Stock 1963	100,000
5.177% Government Loan 1969/71	1,499,914
5½% Government Loan 1973/75	400,000
5½% Government Loan 1973/75	200,000
5½% Government Loan 1961/76	130,000
	<u>2,329,914</u>
	£
Interest capitalised—	
Provision for interest to 31st December, 1967	976,223
Less— Interest overprovided for in prior years	<u>147,503</u>
	828,720
Add— Accrued interest from 1st January, 1968 to the dates of consolidation	<u>19,734</u>
	848,454
	<u>3,178,368</u>
Deduct— Repayments during year	989
Total borrowing and interest	<u><u>£ 3,177,379</u></u>
	£
Consolidated as follows—	
5½% Government Loan 1969/83	<u>£ 189,379</u>
2½% Government Loan 1973/87	<u><u>£ 2,988,000</u></u>

5. **OPERATING REVENUE**

An amount of £53,430 is included in the Other Services Revenue for the year and an amount of £46,187 in the Revenue relating to prior years. As these amounts have not yet been agreed and are still under negotiation, a provision has been made for an amount of £20,000 of which £11,000 is reflected in this year's Provision for bad and doubtful debts and £9,000 has been set off from the Revenue relating to prior years.

6. **FINANCING CHARGES**

The balance of the financing charges, amounting to £6,360 as at 31st December, 1968 which were being amortised annually over the period of the relative loans, has been set off against the interest overprovided for in prior years on capital borrowings following the consolidation of the loans referred to in Note 4.

7. **TAXATION**

No amount has been set aside to provide for taxation as the taxation position of the Authority has not yet been determined.

8. **CONTRACTUAL COMMITMENTS**

Contractual commitments, repayable over a period of five years, amounted to approximately £294,290 as at 31st December, 1968 (1967 — £444,000).

9. **CONTINGENT LIABILITIES**

Contingent Liabilities in respect of claims against the Authority amounted to approximately £5,228 as at 31st December, 1968 (1967 — £7,775).

10. **FOREIGN CURRENCY BALANCES**

Foreign currency balances have been converted into Cyprus pounds at the rates ruling as at 31st December, 1968.

CYPRUS TELECOMMUNICATIONS AUTHORITY

BALANCE SHEET AS AT 31ST DECEMBER, 1968

1967			£	£
		FIXED ASSETS (Note 1)		
5,497,572	At cost or valuation		6,168,885	
1,859,393	Less Depreciation		2,089,518	
<u>3,638,179</u>	(Statement 8)			4,079,367
		NET CURRENT ASSETS		
		CURRENT ASSETS		
786,346	Stores (Note 2)		781,469	
527,831	Debtors and debit balances less provision		715,002	
205,254	Cash on deposit with bankers		—	
139,918	Bank balances and cash in hand		325,921	
<u>1,659,349</u>			<u>1,822,392</u>	
	Deduct			
		CURRENT LIABILITIES AND PROVISIONS		
400,091	Creditors and accrued charges		634,082	
976,713	Interest accrued on capital borrowings (Note 5)		69,885	
90,000	Provision for staff superannuation back service credits (Note 3)		120,000	
<u>1,466,804</u>			<u>823,967</u>	
192,545				998,425
<u>3,830,724</u>				<u>5,077,792</u>
411,662	Deduct			
		LONG-TERM LIABILITIES		431,314
<u><u>£3,419,062</u></u>				
		NET TOTAL ASSETS		<u><u>£4,646,478</u></u>

FINANCED FROM

2,470,012	CAPITAL BORROWINGS	(Note 4)	(Statement 9)	3,466,633
64,304	CAPITAL RESERVE			64,304
66,000	GENERAL RESERVE			66,000
818,746	REVENUE BALANCE			1,049,541
<u>£3,419,062</u>				<u>£4,646,478</u>

The Notes on pages 50 and 51 are an integral part of these Accounts.

J. CL. CHRISTOPHIDES
Chairman

A. N. STYLIANIDES
General Manager

M. E. CHRISTOFIDES
Chief Accountant

CYPRUS TELECOMMUNICATIONS AUTHORITY

REVENUE ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1968

1967		£	£
	OPERATING REVENUE		
	Telephone Services :-		
413,849	Rentals	442,726	
290,258	Local calls	286,078	
296,828	Trunk calls	291,643	718,676
120,552	Overseas calls	140,955	
8,253	Miscellaneous	14,074	
<u>1,129,740</u>			1,175,476
	Telegraph Services :-		
284,558	Telegrams	308,601	
71,788	Leased circuits	67,152	
13,583	Teleprinter rentals	16,305	
14,097	Miscellaneous	14,962	
<u>384,026</u>			407,020
71,069	Other Services (Note 5)		140,137
<u>1,584,835</u>			<u>1,722,633</u>
	OPERATING EXPENSES		
965,872	System operational (Statement 1)	1,216,549	
61,617	Establishment (Statement 2)	67,555	
206,067	Administration (Statement 3)	241,168	
<u>1,233,556</u>			<u>1,525,272</u>
	NET OPERATING REVENUE carried forward		

£		£
351,279	NET OPERATING REVENUE brought forward	197,361
	OTHER INCOME	
17,760	Bank interest	16,217
903	Miscellaneous	7,700
<u>18,663</u>		<u>23,917</u>
369,942		221,278
206,536	FINANCIAL AND OTHER EXPENSES (Statement 4)	159,033
<u>£163,406</u>	REVENUE BALANCE FOR YEAR	<u>£62,245</u>
<u>636,015</u>	REVENUE BALANCE 1st January, 1968	818,746
	Add	
163,406	Revenue balance for year	62,245
49,325	Net revenue relating to prior years (Note 5)	57,407
<u>212,731</u>	Interest on capital borrowings overprovided for in prior years (Notes 4 and 6)	141,143
848,746		<u>260,795</u>
		1,079,541
	Deduct	
30,000	Provision for staff superannuation back service credits (Note 3)	30,000
<u>£818,746</u>	REVENUE BALANCE 31st December, 1968	<u>£1,049,541</u>

The Notes on pages 50 and 51 are an integral part of these Accounts.

STATEMENT 1

CYPRUS TELECOMMUNICATIONS AUTHORITY
ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968
OPERATING EXPENSES
System Operational

1967		£	£
	Telephone Services		
132,631	Operators' salaries etc.	169,380	
142,666	Maintenance salaries etc.	193,209	
193,598	Other salaries etc.	241,740	
9,869	Materials	12,616	
8,252	Electricity	9,270	
20,027	Transport	20,758	
163,394	Depreciation	180,099	
55,215	Radio and Repeater Stations Expenses	59,968	
4,292	Miscellaneous	2,441	
<u>729,944</u>			889,481
	Telegraph Services		
101,028	Operators' salaries etc.	123,301	
11,209	Maintenance salaries etc.	14,710	
15,009	Other salaries etc.	24,978	
643	Materials	665	
737	Electricity	765	
23	Transport	3	
9,775	Depreciation	10,692	
33,093	Radio and Repeater Stations Expenses	54,513	
2,680	Miscellaneous	2,199	
<u>174,197</u>			231,826
	Other Services		
38,673	Operators' salaries etc.	48,991	
4,646	Maintenance salaries etc.	6,602	
4,888	Other salaries etc.	6,785	
556	Materials	652	
219	Transport	395	
1,696	Depreciation	1,878	
9,828	Radio and Repeater Stations Expenses	28,658	
1,225	Miscellaneous	1,281	
<u>61,731</u>			95,242
<u>£965,872</u>	As per Revenue Account		<u>£1,216,549</u>

STATEMENT 2

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

OPERATING EXPENSES

Establishment

1967		£
21,826	Salaries etc.	28,385
11,340	Maintenance of buildings	7,178
2,282	Maintenance of F.F. & O.E.	3,499
169	Transport	138
7,401	Rents, rates and taxes	7,848
5,227	Light, heat and water	5,440
2,813	Insurances	3,445
9,701	Depreciation	10,630
858	Miscellaneous	992
<u>£61,617</u>	As per Revenue Account	<u>£67,555</u>

STATEMENT 3

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

OPERATING EXPENSES

Administration

1967		£
144,186	Administration and Accounts Salaries, etc.	175,303
13,499	Printing and Stationery	14,348
11,559	Telephones, Telegrams and Postages	11,664
6,902	Travelling and Transport	7,156
6,566	Office machinery rental	7,866
5,757	Training expenses	9,780
1,662	Newspapers and Periodicals	703
2,505	Advertisements	2,530
13,433	Miscellaneous	11,818
<u>£206,067</u>	As per Revenue Account	<u>£241,168</u>

STATEMENT 4

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

FINANCIAL AND OTHER EXPENSES

1967 £		£
	Financial :-	
176,061	Interest on Capital Borrowings	100,294
1,490	Financing charges on Capital Borrowings	—
19,697	Other interest	32,175
7,632	Provision for bad and doubtful debts	24,834
81	Miscellaneous	—
<u>204,961</u>		<u>£157,303</u>
	Other :-	
600	Authority's Members travelling expenses	600
975	Commonwealth Telecommunication Board expenses	1,130
<u>1,575</u>		<u>1,730</u>
<u>£206,536</u>	As per Revenue Account	<u>£159,033</u>

NOTE: Included in the figure of Provision for bad and doubtful debts is an amount of £11,000 for services rendered, the charges of which are still under negotiation (Note 5).

STATEMENT 5

CYPRUS TELECOMMUNICATIONS AUTHORITY
ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968
RADIO AND REPEATER STATIONS EXPENSES

1967		£
£		
29,796	Operators' salaries, etc.	32,390
12,918	Maintenance salaries, etc.	19,997
13,285	Other salaries, etc.	21,197
3,691	Materials	5,373
10,033	Electricity	16,143
1,974	Transport	2,057
26,135	Depreciation	40,067
304	Miscellaneous	5,915
<u>£98,136</u>	Total allocated to System Operational	<u>£143,139</u>
Allocated to :-		£
55,215	Telephone Services	59,968
33,093	Telegraph Services	54,513
9,828	Other Services	28,658
<u>£98,136</u>		<u>£143,139</u>

STATEMENT 6

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

MOTOR TRANSPORT EXPENSES

1967

£

19,050

2,212

1,864

3,346

4,774

3,177

2,020

36,443

£

9,199

925

24,345

1,974

£36,443

Drivers, Garage and Other salaries

Licences

Insurances

Fuel

Spares and accessories

Depreciation

Miscellaneous

£

13,533

2,266

2,119

5,345

5,116

4,441

4,470

£37,290

£

Allocated to :-

Capital works

Recoverable works

Operating expenses :-

System operational

Establishment

Administration

8,136

947

£21,156

138

4,856

26,150

Radio and Repeater Stations Expenses

2,057

£37,290

STATEMENT 7

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

STAFF COSTS

1967			£	£
£				
990,379		Salaries, Wages, Allowances etc.		1,233,383
		Less: Amount charged to :-		
	97,157	Capital	£103,333	
	<u>7,814</u>	Recoverable works	<u>9,549</u>	
				112,882
<u>104,971</u>				
<u>835,408</u>				<u>£1,120,501</u>
£				
		Allocated to :-		
		Operating Expenses :-		
	644,347	System Operational	£829,696	
	21,826	Establishment	28,385	
	<u>144,186</u>	Administration	<u>175,303</u>	
				£1,033,384
810,359		Radio and Repeater Stations		73,584
55,999		Motor Transport Expenses		13,533
19,050				<u>£1,120,501</u>
<u>£885,408</u>				

NOTE: Staff Costs include a provision for the Revision of Salary Scales with effect as from 1st January, 1968.

CYPRUS TELECOMMUNICATIONS AUTHORITY
ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

FIXED ASSETS

	Cost or Valuation as at 1.1.1968	Additions at Cost less Disposals	Cost or Valuation as at 31.12.1968	Aggregate Depreciation	WRITTEN DOWN VALUE	
	£	£	£	£	31.12.1968	31.12.1967
Land	112,988	32,139	145,127	—	145,127	112,988
Freehold Buildings	298,264	20,288	318,552	60,443	258,109	239,482
Leasehold Buildings	55,369	—	55,369	11,621	43,748	44,990
Exchanges, Line Plant and Subscribers' Apparatus	3,910,712	379,520	4,290,232	1,645,446	2,644,786	2,424,904
Telegraph Plant	129,915	9,204	139,119	62,366	76,753	77,914
Radio Stations	222,662	179,523	402,185	123,824	278,361	131,884
Repeater Stations	72,465	24,262	96,727	23,151	73,576	58,243
Motor Vehicles	74,778	177	74,955	58,890	16,065	16,129
Furniture and Office Equipment	116,306	12,239	128,545	63,631	64,914	61,833
Tools and Miscellaneous Equipment	43,802	13,981	57,783	40,146	17,637	9,501
Assets Under Construction :- Buildings	24,323	-24,323	—	—	—	24,323
Exchanges, Line Plant and Subscribers' Apparatus	250,721	13,952	264,673	—	264,673	250,721
Radio Stations	167,477	22,791	190,268	—	190,268	167,477
Repeater Stations	17,790	-12,440	5,350	—	5,350	17,790
	<u>£5,497,572</u>	<u>£671,313</u>	<u>£6,168,885</u>	<u>£2,089,518</u>	<u>£4,079,367</u>	<u>£3,638,179</u>

NOTES:

- 1) The Assets Under Construction as at 31st December, 1968 are made up as follows :-

	£
As at 1st January, 1968	460,311
Plus: Additions during year	234,016
	<u>694,327</u>
Less: Completion during year	234,036
	<u>£460,291</u>

- 2) The Depreciation of Fixed Assets for the year ended 31st December, 1968 amounted to £247,807 (1967 — £213,878).

STATEMENT 9

CYPRUS TELECOMMUNICATIONS AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1968

CAPITAL BORROWINGS

1967			£
£			
40,098	5%	Government Loan 1965/76	36,461
130,000	5 $\frac{3}{4}$ %	Government Loan 1969/83	189,379
—	5 $\frac{3}{4}$ %	Government Loan 1970/84	152,793
2,099,914	2 $\frac{1}{2}$ %	Government Loan 1973/87	2,988,000
<u>£2,270,012</u>			<u>£3,366,633</u>
100,000	3%	Telecommunications ((Second Issue) Stock 1963	—
100,000	6%	Telecommunications (First Issue) Stock 1964/68	100,000
<u>£2,470,012</u>			<u>£3,466,633</u>

- NOTES: 1. Under the terms of the loan agreement in respect of the 2 $\frac{1}{2}$ % Government Loan 1973/87, the interest rate of 2 $\frac{1}{2}$ % per annum will be increased to 5% per annum after the expiration of five years from 9th February, 1968.
2. The 5 $\frac{3}{4}$ % Government Loan 1970/84 includes £3,159 interest capitalised under the terms of the relative Agreement.

