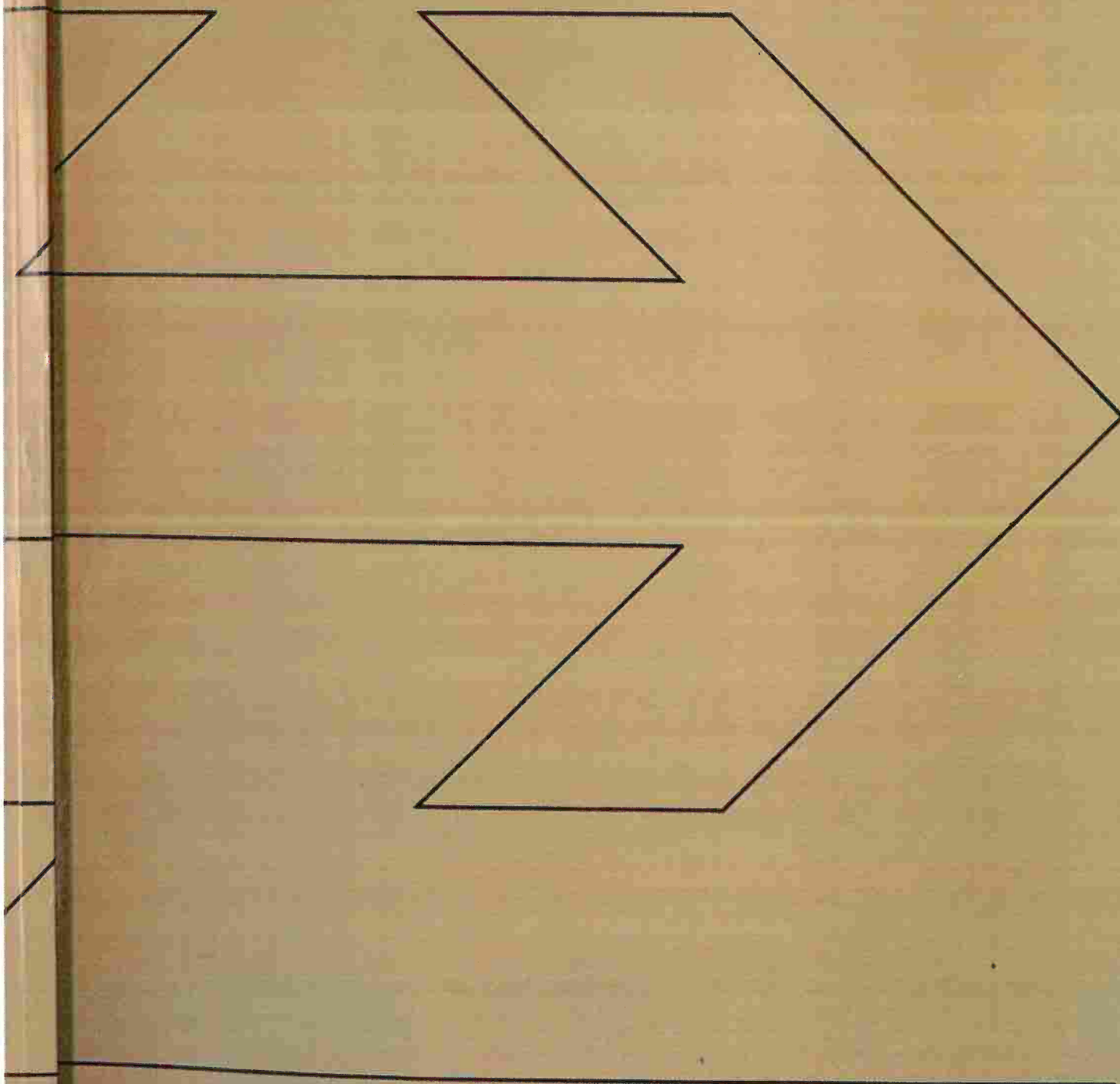


Cyprus Telecommunications Authority

29th Annual Report 1984



CYPRUS TELECOMMUNICATIONS AUTHORITY

TWENTY-NINTH ANNUAL REPORT
AND ACCOUNTS

FOR THE YEAR ENDED
31st December, 1984

(PRICE 50 Cents)



***The Chairman of the Authority
Mr. A.T. Demetriades.***

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3rd October, 1985

Your Excellency,

The 29th Annual Report and Accounts of the Cyprus Telecommunications Authority are hereby submitted in compliance with Section 22 of the Telecommunications Service Law 1954 (Cap 302) as amended by Laws 20/60, 34/62, 25/63 and 54/77.

On behalf of the members of the Authority, I wish to express our sincere thanks to the Government of the Republic in general and to your Ministry, in particular, for the manifold assistance and guidance afforded to us, whenever required.

We assure your Excellency of our unceasing efforts for the continued progress of telecommunications in our island, so that the enviable position enjoyed by the Authority internationally in this field is maintained.

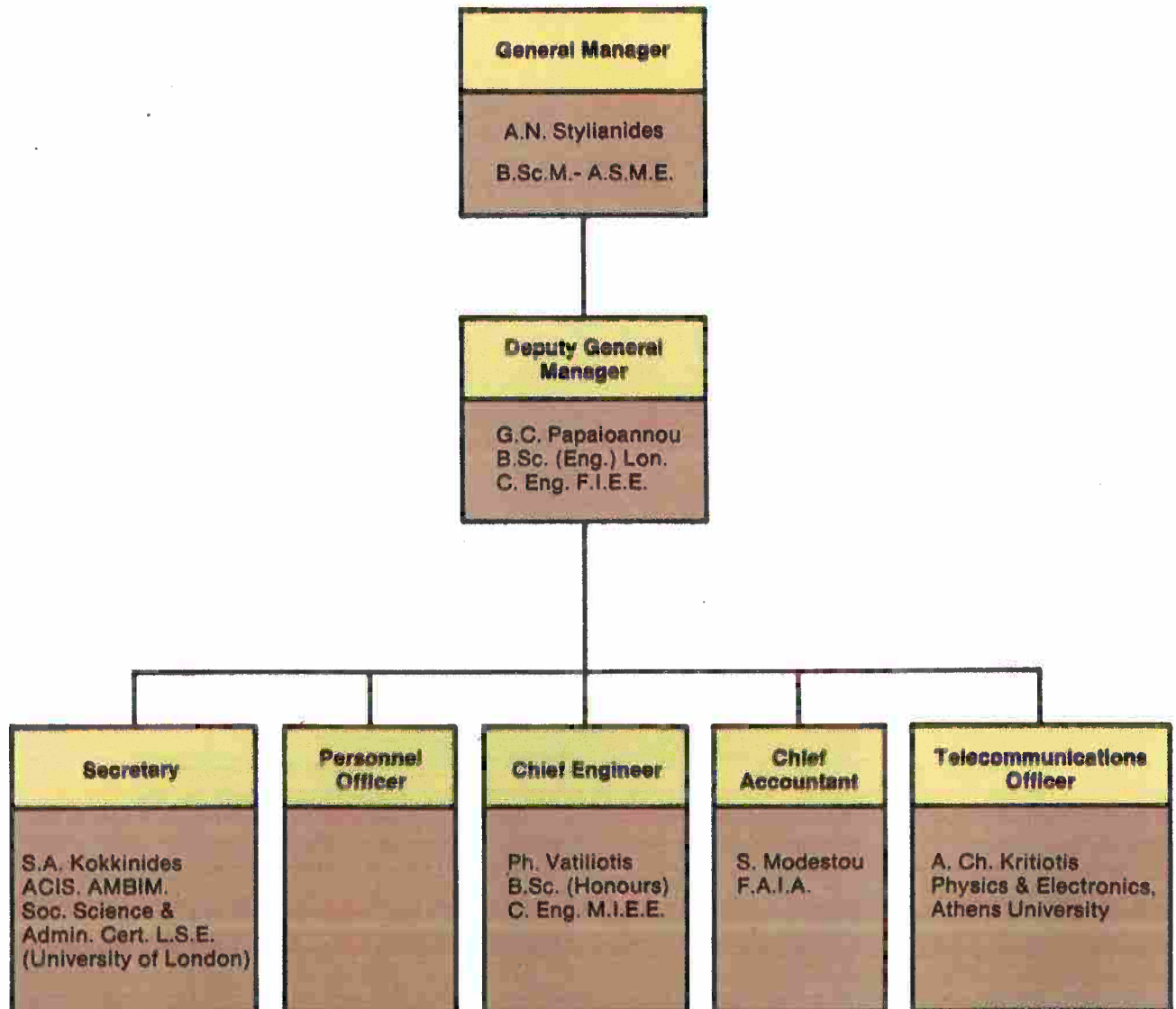
Yours faithfully,



A.T. Demetriades,
Chairman

His Excellency,
The Minister of Communications and Works,
Mr. Rois G. Nicolaides,
Nicosia.

The Management



The Members of the Authority

Chairman : A. T. Demetriades, Advocate - LLB Athens University

Vice-Chairman : P. C. Manglis, Ph.D.

Members : D. Papademetriou

E. Ch. Kittis, Advocate - LLB Athens University

L. Papas

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*Kyrenia	— 5A, 28th October Avenue	Tel. (81)-52438
*Morphou	— 18, 25th March Street	Tel. (71)-42055
*Lefka	— Lefka	Tel. (78)-17-459

** Inaccessible due to occupation of the area by the Turkish Invasion Forces.*

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Introduction

The Cyprus Telecommunications Authority is a Public Corporation, established by Law 67 of 1954 (Cap. 302), as amended by Laws 20/60, 34/62, 25/63 and 54/77 and is answerable to the Council of Ministers, through the Minister of Communications and Works, whose power over its activities is regulated by the Service Law as amended by Law 25/63, Section 3. The Authority's main responsibility is, by virtue of the abovementioned Law, the provision, maintenance and development of a comprehensive telecommunications service, both local and overseas.

The Authority's Board had 12 meetings in 1984 for the study and approval of policies and plans

appertaining to the current operations and to the further development and modernisation of all services provided by the Authority.

Comprehensive information on the under-mentioned headings depicting the Authority's activities in 1984, are given in the pages that follow:

SERVICES PROVIDED BY THE AUTHORITY
STATUS AND DEVELOPMENT OF THE
NETWORK
INTERNATIONAL RELATIONS AND
ACTIVITIES
ADMINISTRATION AND STAFF RELATIONS
FINANCIAL REPORT
ACCOUNTS

The Board of the Authority and Management in Session



Services Provided by The Authority

The prime responsibility of the Authority and the net result of its activities are the provision and maintenance of prompt, modern and adequate telecommunication services. To this effect the Authority keeps abreast with technical and technological developments, by employing well qualified and trained personnel, by utilising techniques, systems and equipment of the most advanced type and by providing the required infrastructural back-up to cope with the ever increasing demand.

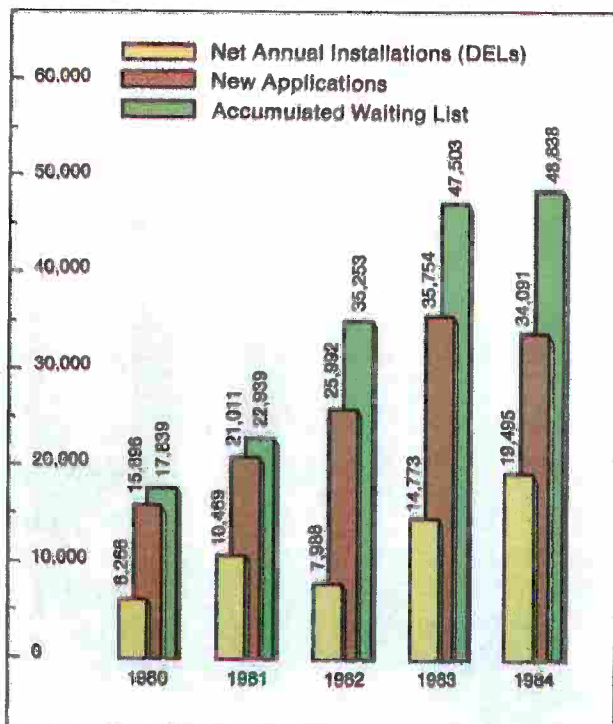
1. TELEPHONY

1.1 Direct Exchange Lines (DELs) and Telephone Instruments

During the year under review, the net increase in Direct Exchange Lines (DELs) was 19,495; also 3,914 DELs were transferred from one location to another and 3,124 were withdrawn. The percentage net increase of the additional DELs over the previous year's figures was 32%.

The applications received during 1984 for new DELs decreased by 4.7% as compared to the previous year's figures and the accumulated number of applications which could not be satisfied by the end of 1984 rose by 2.8%, totalling 48,838. (Fig. 1)

Fig. 1 Demand and Provision of Telephone Service



The number of DELs which were in service by the end of 1984 were 128,400, a 17.9% increase over 1983, whilst the installed number of telephone instruments rose by 19.5%, totalling 195,917. (Fig. 2)

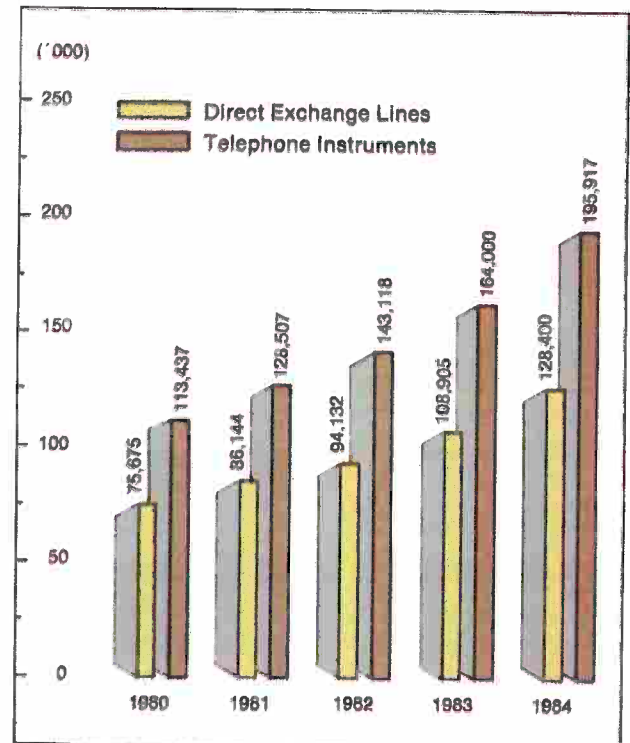


Fig. 2 Direct Exchange Lines and Telephone Instruments in Operation (Including Turkish Occupied Areas)

The number of DELs per 100 inhabitants for the whole of Cyprus reached 19.4 whilst the equivalent density for telephone instruments reached 29.6.

Comparatively, by excluding the Turkish occupied areas of Cyprus, the number of DELs per 100 inhabitants was 22.2 and the equivalent density for telephone instruments was 33.6. (Fig. 3)

The provision of telephone service to the rural areas increased significantly during 1984. However, due to reallocation of local areas, as part of the development programme of the Authority, a number of rural areas or parts thereof were converted into, or accommodated by, urban areas. This led to an artificial decrease in the number of rural DELs, compared with the 1983 figures. (Fig. 4)

Services Provided by The Authority

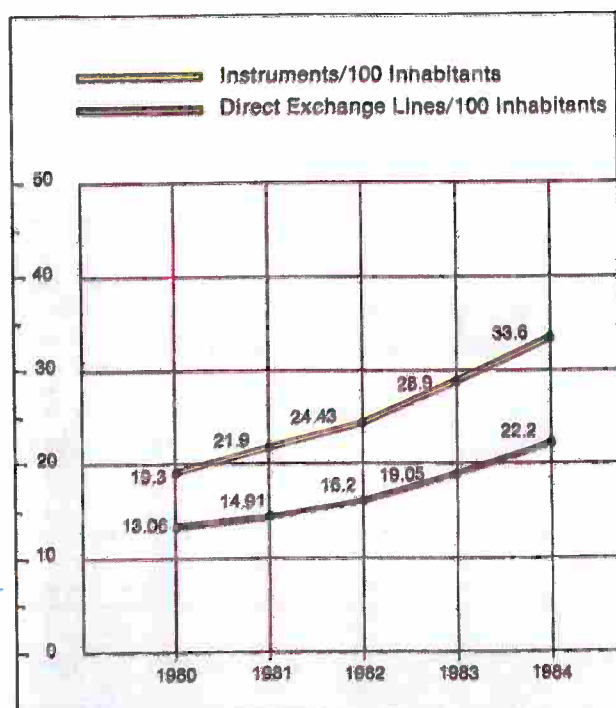


Fig. 3 **Telephone Density**
(Excluding Turkish Occupied Areas)

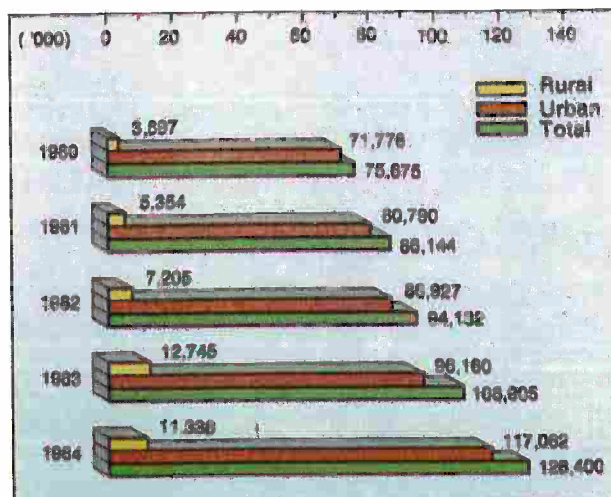


Fig. 4 **Distribution of DELs in Urban and Rural Areas**
(Including Turkish Occupied Areas)

1.2 Coin Payphones

The number of coin payphones installed in 1984 remained low, pending the delivery of modern outdoor and indoor units early in 1985. The total number of units at the end of the year was 968.

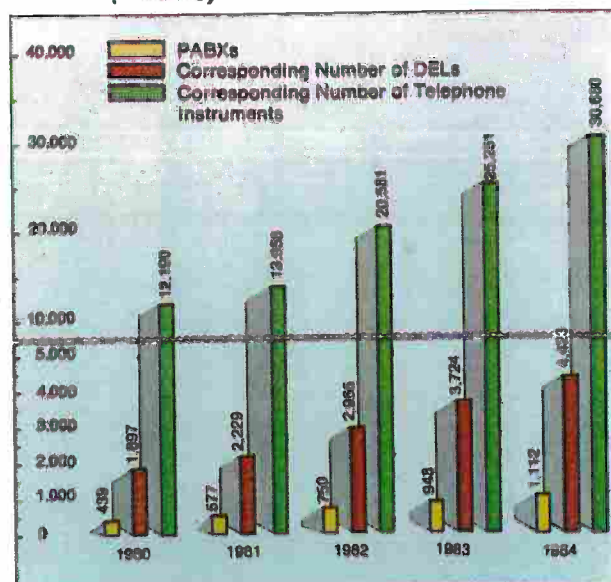


Indoor Payphone Unit

1.3 Private Automatic Branch Exchanges (PABXs)

The demand for and provision of PABXs continued to increase in 1984. The number of PABX units installed during the year showed a 17.3% increase over the 1983 figures (948 units). On 31st December 1984, 1,112 PABX units were in operation, equipped with 4,423 DELs and 30,680 telephone instruments. (Fig. 5)

Fig. 5 **Private Automatic Branch Exchanges (PABXs)**



Services Provided by the Authority

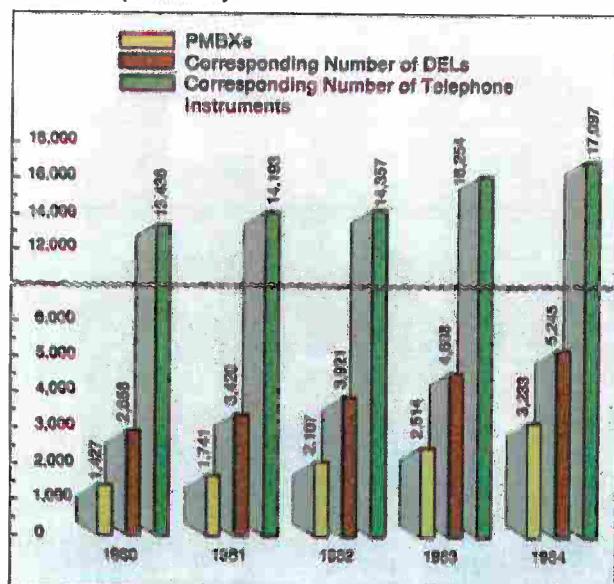


PABX Operator's Console

1.4 Private Manual Branch Exchanges (PMBXs)

The PMBXs comprise mainly switchboards and key systems. The demand for and provision of PMBXs continued to increase in 1984 and, as in the previous years, the demand for key systems was substantially greater. The number of PMBX units installed in 1984 showed a 28.6% increase over the 1983 figures. On 31st December 1984, 3,233 PMBX units were operating, equipped with 5,245 DELs and 17,097 telephone instruments. (Fig. 6)

Fig. 6 Private Manual Branch Exchanges (PMBXs)



1.5 National Telephone Calls

The total number of metering units registered on the subscribers' meters for all the automatic national telephone calls made during 1984 were 651,375,000 an increase of 24.3% over the previous year's figure.

On the other hand, the semi-automatic (through the operator) national metering units were only 0.035% of the automatic, or 227,000 metering units, an increase of 11.3% over the previous year's figure. (Fig. 7)

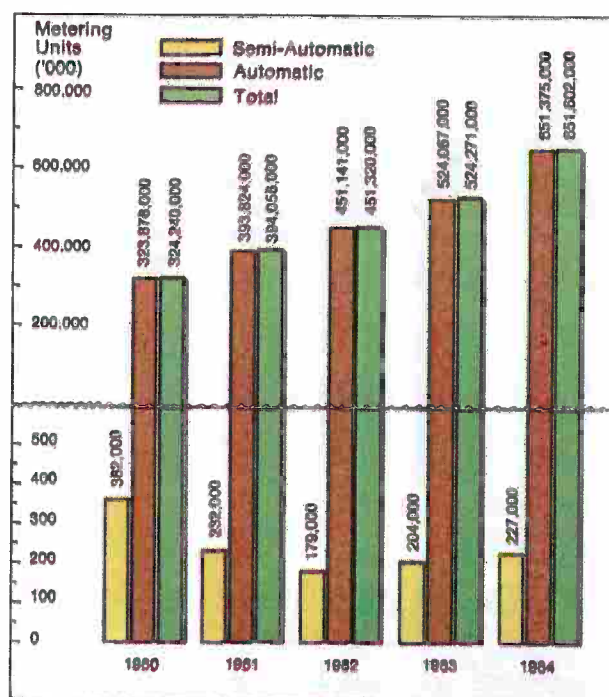


Fig. 7 Telephony: National Traffic

1.6 International Telephone Calls

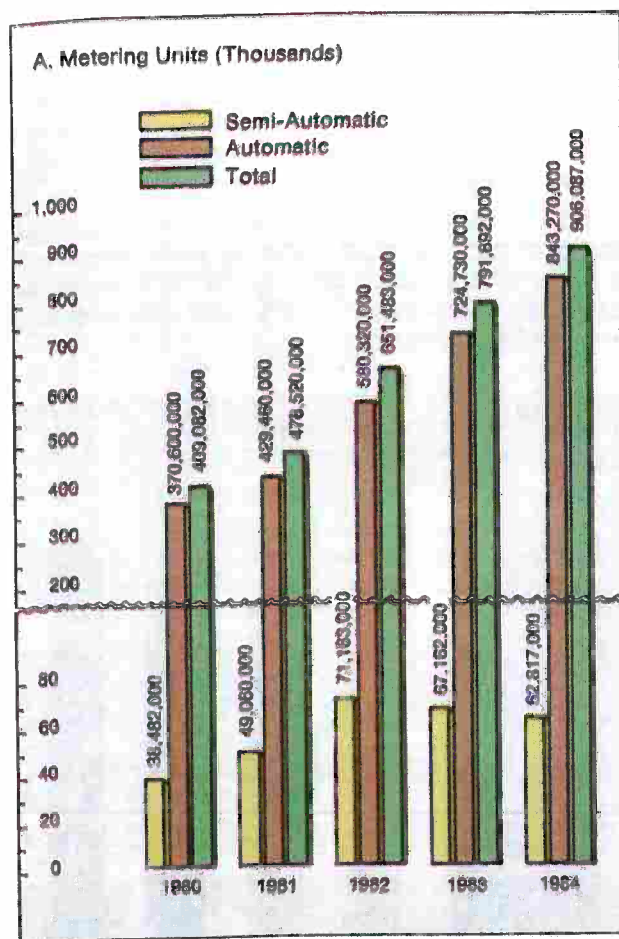
The total number of metering units for all the automatic outgoing international telephone calls made during 1984 was 843,270,000, an increase of 16.4% over the previous year's figure.

These correspond to 22,689,000 minutes of conversation, an increase of 12.5% over the 1983 figure.

In 1984, the number of outgoing international semi-automatic metering units were 7.4% of the automatic, or 62,817,000, a decrease of 6.5% as against the previous year's figure.

The metering units for the 1984 semi-automatic outgoing calls correspond to 1,330,000 minutes of conversation, a 5% decrease as compared to the 1983 figure. (Fig. 8)

Services Provided by The Authority



B. Minutes of Conversation (Thousands)

Year	1980	1981	1982	1983	1984
Semi-Automatic	964	1,178	1,480	1,400	1,354
Automatic	11,197	12,829	16,540	20,181	22,899
Total O/G International	12,161	14,007	18,020	21,581	24,253

Fig. 8 Telephony: International O/G Traffic

2. TELEX

The net increase in telex subscribers at the end of 1984 was 432; also 222 subscribers were transferred from one location to another and 66 were withdrawn. The percentage net increase of the additional telex subscribers over the previous year's figure (332) was 30.1%.

The applications received during the year for the provision of telex service increased by 20% over the previous year's figures and the accumulated number of applications which could not be satisfied by the end of 1984 rose by 54.5% to 394. (Fig. 9)

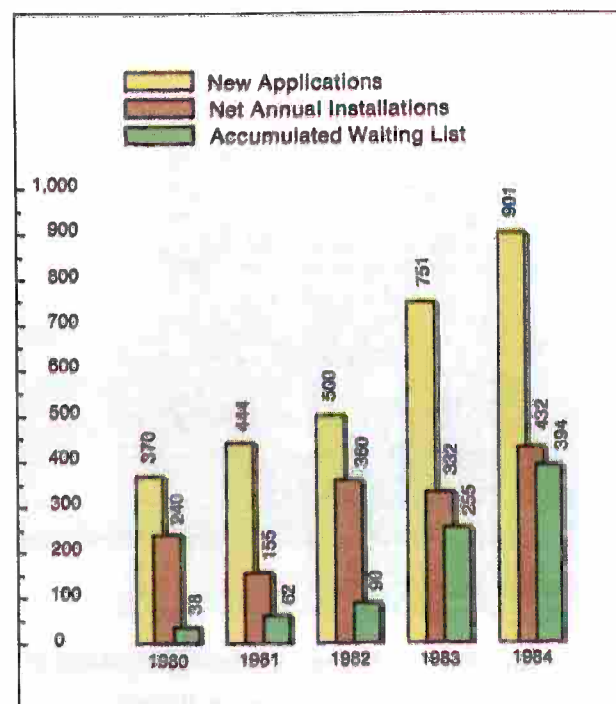
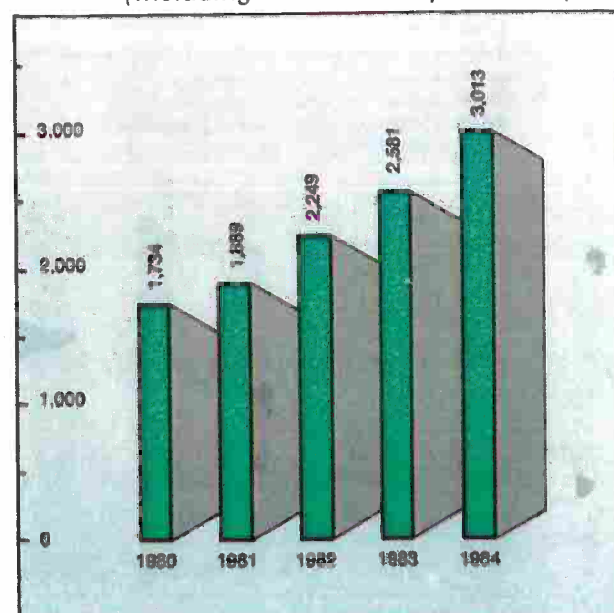


Fig. 9 Demand and Provision of Telex Service

On 31st December, 1984 there were 3,013 telex subscribers, compared to 2,581 in the previous year (increase of 16.7%). (Fig. 10)

Fig. 10 Telex Subscribers
(Including Turkish Occupied Areas)



Services Provided by The Authority

The telex service, unlike telephony, has a higher number of international outgoing than national calls. In 1984 the ratio of international outgoing to national calls was 2.7:1. The semi-automatic or manual telex traffic in 1984 was very small and involved mainly assistance to subscribers in establishing their calls.

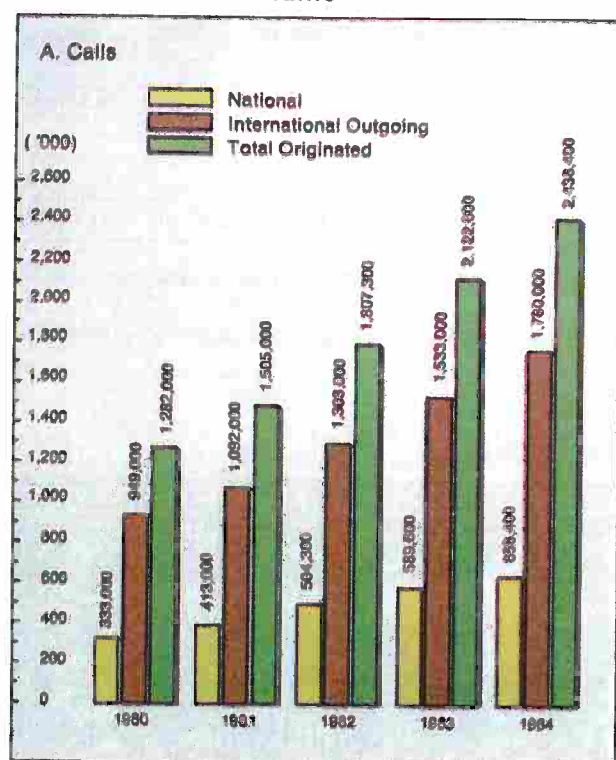
In the year under review, the total number of telex international outgoing calls was 1,780,000, an increase of 16.1% over the previous year's figure. These correspond to 4,312,000 minutes of telex conversation, a 16% increase over the 1983 figure.

In 1984, the national calls were 656,400, an increase of 11.3% over the previous year's figure. These correspond to 1,945,000 minutes of conversation, a 12.2% increase over the 1983 figure. (Fig. 11)



Nicosia Counter

Fig. 11 Telex: International Outgoing and National Traffic



B. Minutes of Conversation (Thousands)

Year	1980	1981	1982	1983	1984
National	876	1,111	1,256	1,724	1,945
International Orig	2,883	2,841	3,064	3,715	4,312
Total	3,463	3,752	4,390	5,449	6,247

3. TELEGRAPHY

During the year under review, the Authority continued to provide telegraph service through the counters at the regional offices of the main towns throughout the year, at some rural offices during the summer period only and through the telephone and the telex networks.

Telegrams were delivered either by messengers in the urban areas throughout the year and at some rural offices during the summer period only, or by post and through the telephone network.

The recent decrease in international telegraph traffic continued in 1984 as well. This is due mainly to the increase in the number of telephone and telex users and constitutes an international tendency.

In the year under review, 49,282 outgoing international telegrams were transmitted, a 7.1% decrease as compared to the 1983 figure. The corresponding number of words were 1,413,000, a 7.9% decrease as against the previous year's figure.

The national telegraph traffic, which is predominantly of a social nature, also declined in 1984 despite its growth over the last years. The total number of national telegrams sent in 1984 were 72,699, a 25.3% decrease as against the 1983 figure. Furthermore, the corresponding number of words were 1,512,000, an 18.3% decrease as compared to the previous year. (Fig. 12)

Services Provided by The Authority

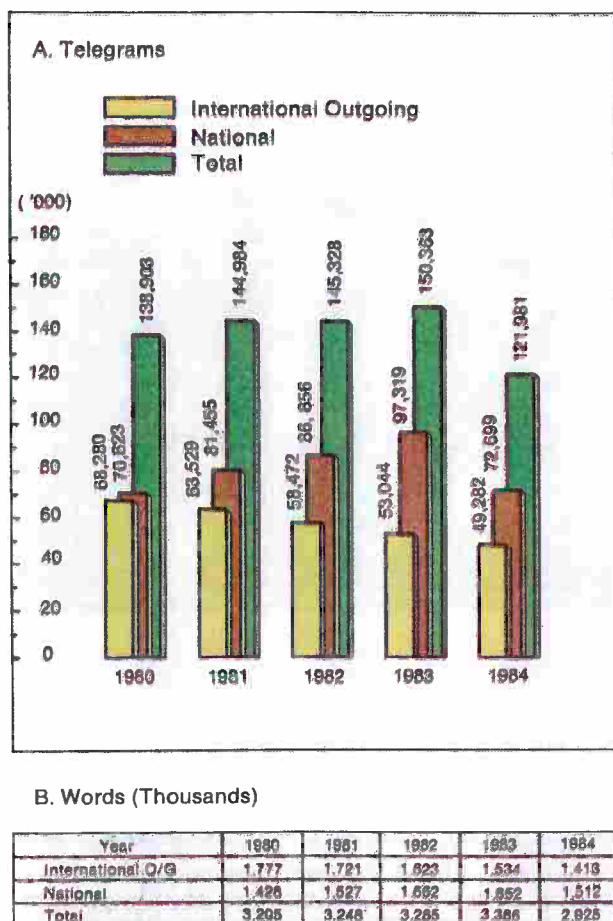


Fig. 12 Telegraphy: International Outgoing and National Traffic

4. DATA

During 1984, the data service in Cyprus was provided via modems connected on the Public Switched Telephone Network (DATEL service) and through point-to-point data connection via leased lines.

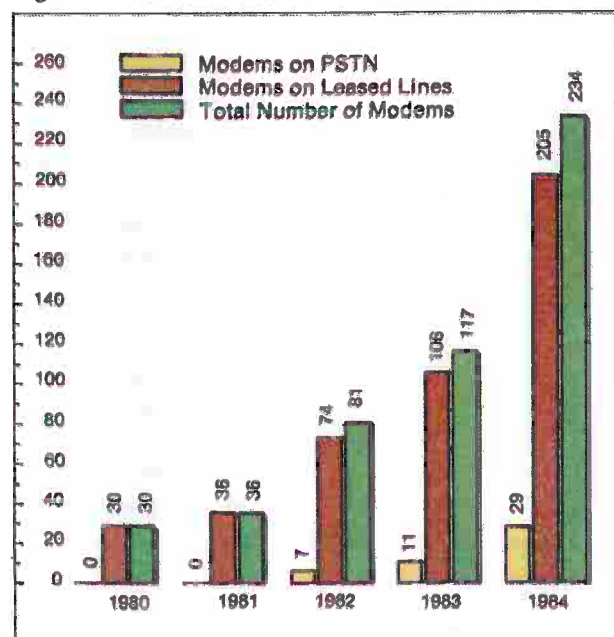
The DATEL service supported transmission speeds up to 2400 Bit/s, whereas the point-to-point leased circuits operated with speeds up to 9600 Bit/s.

The required modems were either provided by the Authority or by third parties. In the latter case, prior type-approval by the Authority was required.

During the year under review, a considerable increase was observed in the number of modems connected on the network, reaching a total of 29 modems connected on the Public Switched

Telephone Network (PSTN) and 205 modems on leased lines, a 163.6% and 193.4% increase respectively over the 1983 figures. (Fig. 13)

Fig. 13 Data Service



5. FACSIMILE

The facsimile service is provided via the Public Switched Telephone Network. Terminals of group 2 and/or group 3 were connected on the network, which were supplied either by the Authority or by third parties, after type-approval from the Authority.

Facsimile Unit



Services Provided by The Authority

During 1984, 36 additional facsimile units were connected on the Authority's network, representing an increase of 50% over the 1983 figures. In all 68 facsimile units were connected on the network at the end of 1984. (Fig. 14)

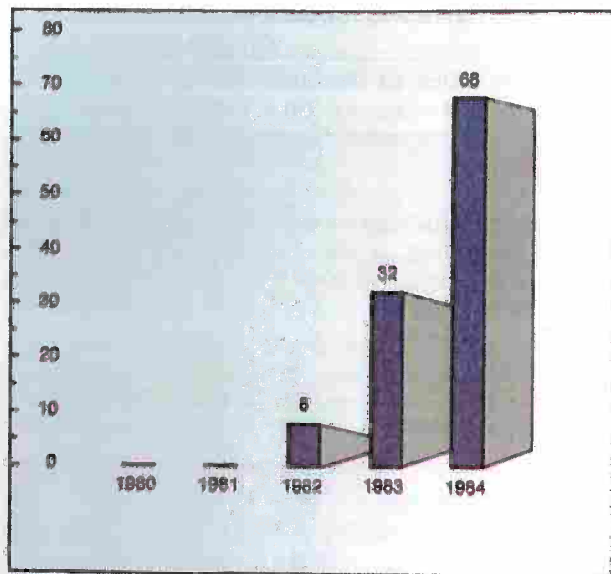


Fig. 14 Facsimile Units

6. MARITIME

The maritime service offers radiotelephone and radiotelegraph communication with ships at sea over the MF, HF and VHF bands.

The Cyprus Radio, which is part of the maritime service, keeps a 24-hour surveillance on the international distress frequencies and contributes to the safety of life at sea by alerting the appropriate Authorities, when and where help is needed. During 1984, the service handled 88 cases of navigational warnings (TTT), 45 distress signals (SOS) and 47 cases of Medico calls (requests for medical help or advice).

In addition, the Cyprus Radio transmits daily and at regular intervals meteorological information of interest to the vessels in the area.

Both the radiotelephone and radiotelegraph traffic of the maritime service showed, in 1984, an increase of 6.5% in minutes and 16.2% in words respectively over the corresponding 1983 figures. The increase in traffic is attributed to new equipment installed and revised circuit management procedures introduced during the year. (Fig. 15)

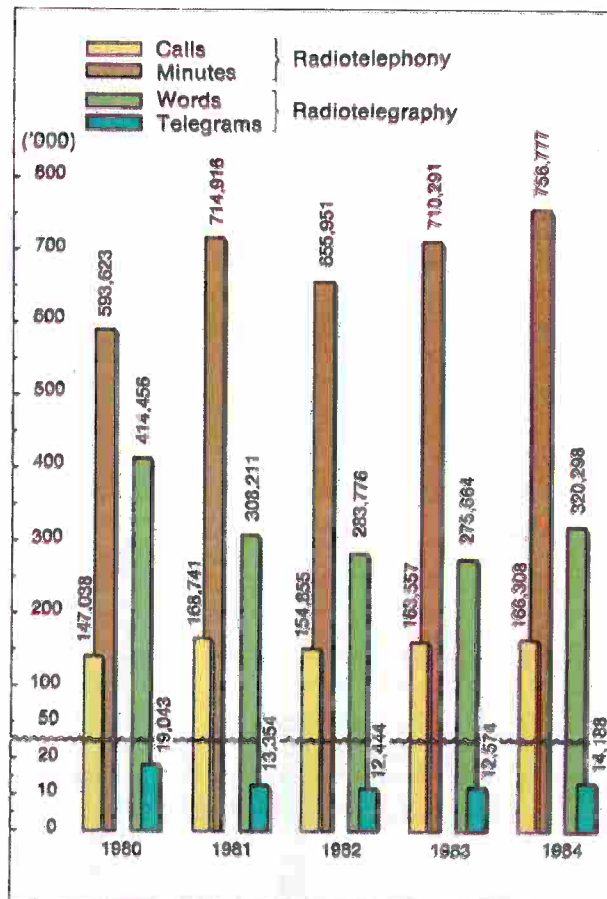


Fig. 15 Maritime Radiotelephony and Radiotelegraphy

7. PAGING

In its continuing effort to provide new services to the public, the Authority decided to introduce an island-wide paging system, which will enable the paging of mobile subscribers all over Cyprus.

During the year under review, studies were made and specifications issued for such a system, comprising central exchange equipment, base stations and paging receivers. The system is expected to be operational during the first half of 1986.

8. SPECIAL SERVICES

8.1 Broadcasts (Local)

The Authority provided full facilities to the Cyprus Broadcasting Corporation, for effective outside broadcasts (live audio programmes) from any point in Cyprus.

Services Provided by The Authority

8.2 Voicecasts (International)

Facilities for voicecasting were also offered by the Authority to any international destination. These facilities were usually used upon request by press correspondents to cover events of international interest (news reports, sports etc.).

The utilisation of this service was slightly increased in 1984, with 117 international voicecasts transmitted of total duration 8,719 minutes, a 2.6% and 23% growth respectively over the corresponding 1983 figures. (Fig. 16)

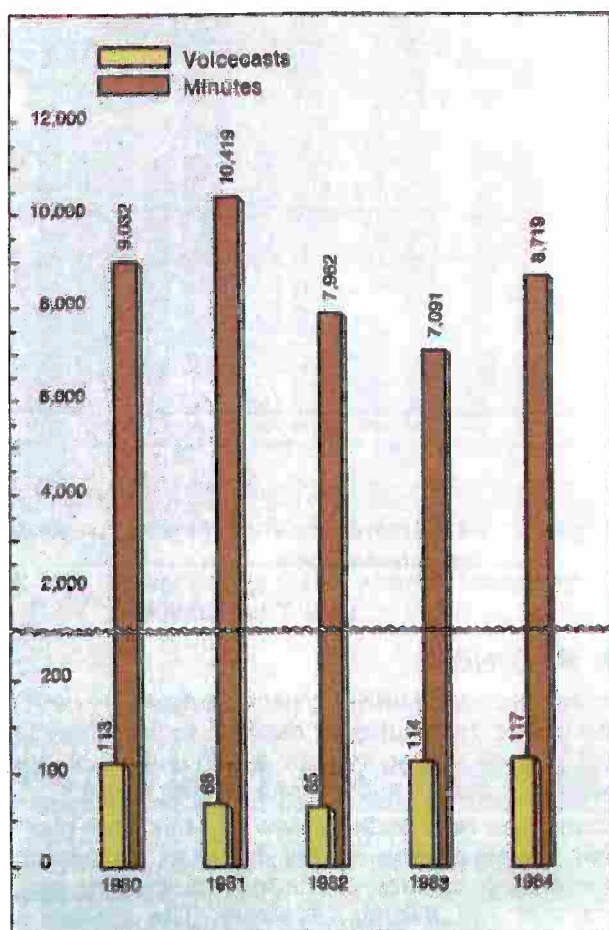


Fig. 16 Voicecasts (International)

8.3 International Video Telecasts

This service was made available to television broadcasting organisations and news agencies for the transmission and/or reception of video programmes via the INTELSAT Satellites (Atlantic or Indian ocean regions).

Both the TV receptions and transmissions via the Makarios Satellite Earth Station showed, in 1984, an increase of 4.3% and 22.3% respectively over the previous year's figures.

The TV reception comprised mainly news, sports and music, whilst the TV transmissions comprised news and football programmes.

(Fig. 17)

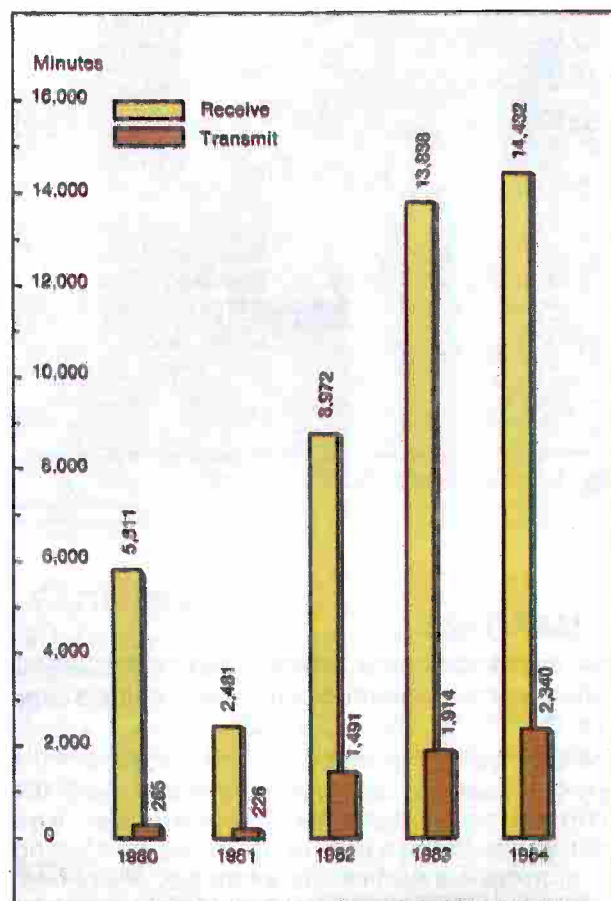


Fig. 17 Video Telecast Service (International)

8.4 Civil Aviation

The Authority continued to provide technical and operational services to the Department of Civil Aviation for the running of all telecommunication facilities, both at the International Airports of Larnaca and Paphos, as well as at the Nicosia Communications Centre. These facilities are offered in accordance with the standards and recommended practices laid down by the International Civil Aviation Organisation (ICAO) and include the following services:

Services Provided by the Authority

- Radiotelephone communication with aircraft in flight within the Cyprus Flight Information Region (FIR).
- Telephone communication between the Nicosia Air Traffic Control Centre (ATCC) and the Control Centres of Larnaca, Paphos, Akrotiri, Athens, Beirut, Tel Aviv, Cairo, and Damascus airports.
- Communication between Larnaca or Paphos Control Towers and aircraft, for approach, landing and/or take off purposes.
- Radio Air Navigational Aids for civil aircraft.
- VOLMET service (Transmission of continuous weather reports for use by aircrafts in flight within the Cyprus Flight Information Region).
- Computerised automatic telegraph communication within the Aeronautical Fixed Telecommunications Network (AFTN) to the airports of Athens, Tel Aviv and Beirut.

8.4.1 Civil Aviation Radar System

The contract for the radar system, which includes a primary radar and a secondary monopulse radar, was awarded in 1983.

In 1984, part of the equipment, including the antennas, was delivered and all associated works (training, building, access arrangements etc.) were carried out. The system is expected to be operational by mid 1985.

Radar Control Room



8.5 Meteorological Service

The Authority continued to provide the MUFAX service (2 circuit HF reception of meteorological charts) and the MODNE service (reception of meteorological information of special interest to the Civil Aviation) to the Meteorological Department of the Ministry of Agriculture and Natural Resources. In addition, a teleprinter circuit was maintained linking the meteorological office at the Larnaca airport with the meteorological regional centre in Sofia.

8.6 Directory

The Authority keeps and continuously updates records of all subscribers in Greek and English both in alphabetical and numerical order. Telephone, Telex, Telefax and Datal directories are issued annually and distributed free of charge to the Authority's subscribers and other foreign Administrations and Operating Agencies. The telephone directory includes a "Yellow Pages" section, which lists the business subscribers in alphabetical order, according to the various business groups, and also includes advertisements.

8.7 Directory Assistance

A fully Computerised Directory Assistance System (CDAS) provides immediate directory information to enquiries about telephone subscriber numbers. A telex information service is also provided.

Furthermore, international information service is provided to enquiries about country and area codes and international subscriber numbers.

8.8 Manual Assistance

Manual assistance service is provided for national and international telephone calls, calls to/from ships at sea and international telex calls.

8.9 Automatic Announcement

Automatic announcement equipment is used to provide the telephone subscribers with the exact time, with various announcements (e.g. Cyprus rally results), and with instructions and information to subscribers in case of redirection of routes, changes in numbering etc.

Status and Development of the Network

The policy of the Authority is to undertake, utilising only its own manpower, all work involving planning, construction, maintenance and operation of its telecommunications network.

The telephone network, as is the case with almost all the countries in the world, constitutes the backbone of all the other networks i.e. telex, telegraph and data, which make use of the telephone network's facilities. Most of the studies, planning, installation and maintenance were, therefore, concentrated on the telephone network.

Ancillary installations such as buildings and civil works, airconditioning systems, safety equipment etc. contribute to the efficient operation, security and safety of both the network and staff.

Twenty one buildings were completed in 1984 including the Authority's new Head Offices in Nicosia and plans were made and specifications issued for the 1985 requirements.

The Authority maintains its own electro-mechanical and electronic workshops which support its overall activities and carry out a limited range of research and development, as well as small production of specific products.

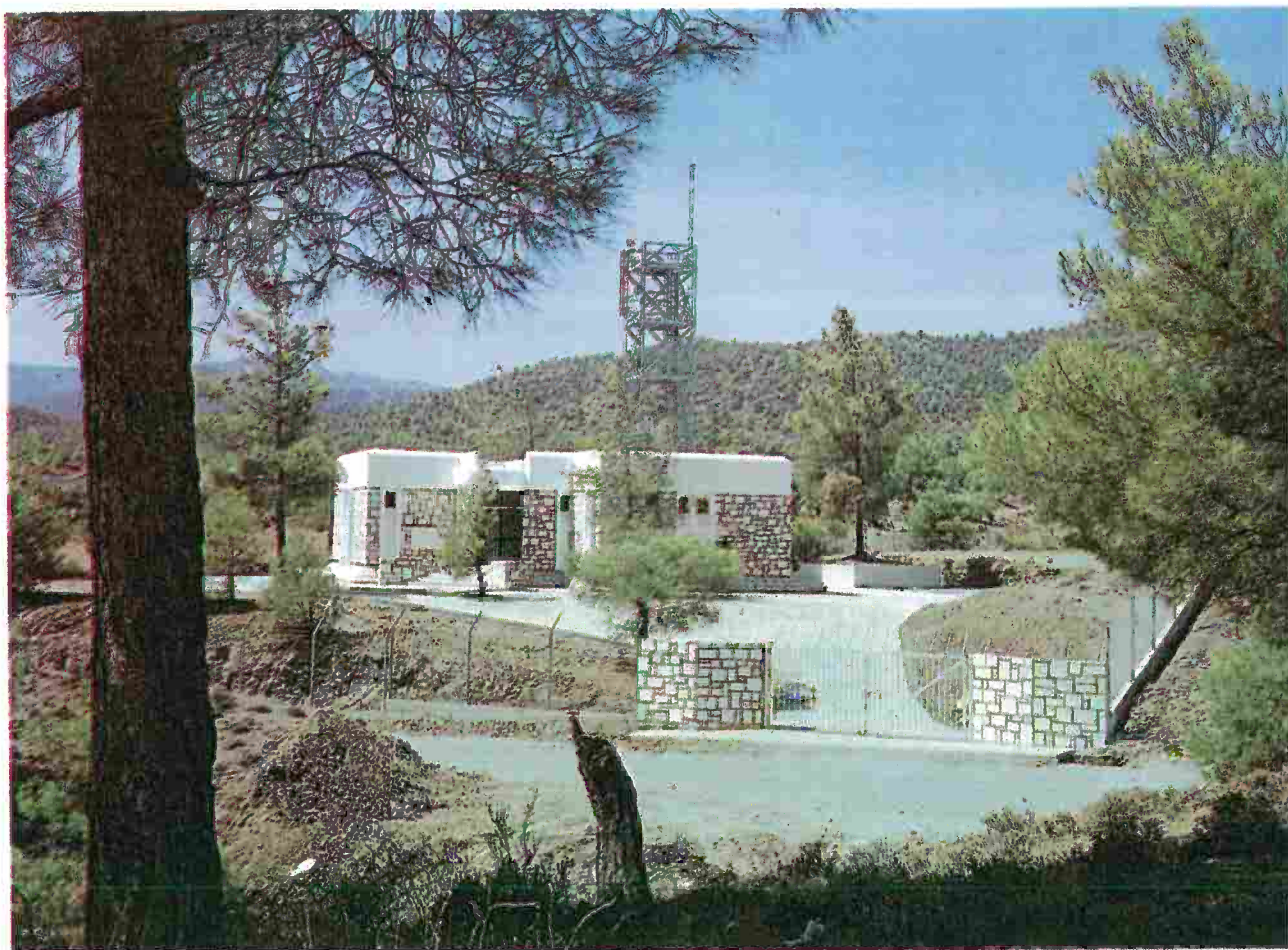
1. NATIONAL TELEPHONE NETWORK

In 1984 the national telephone network was fully analogue.

1.1 Telephone Exchanges

At the end of 1984 all telephone exchanges in Cyprus were electromechanical. Telephone exchanges of crossbar technology accounted for 82% of total subscriber line capacity and the rest were of step-by-step technology. They comprised one crossbar national tandem exchange, 7 tandem/local urban exchanges, 8 local urban exchanges and 44 rural exchanges (including the turkish occupied areas).

Typical Rural Exchange Building



Status and Development of the Network

During the year under review, additional equipment was installed in the national tandem exchange and the capacities of urban and rural exchanges were further expanded, by either installing new exchange units or extending existing ones.

The net annual increase in the installed urban and rural subscriber line capacities was 14,400 and 5,800 respectively, bringing the total installed telephone exchange capacity at the end of 1984 to 165,150 subscriber lines. This represents an increase of 13.9% over the corresponding capacity at the end of 1983. (Fig. 18)

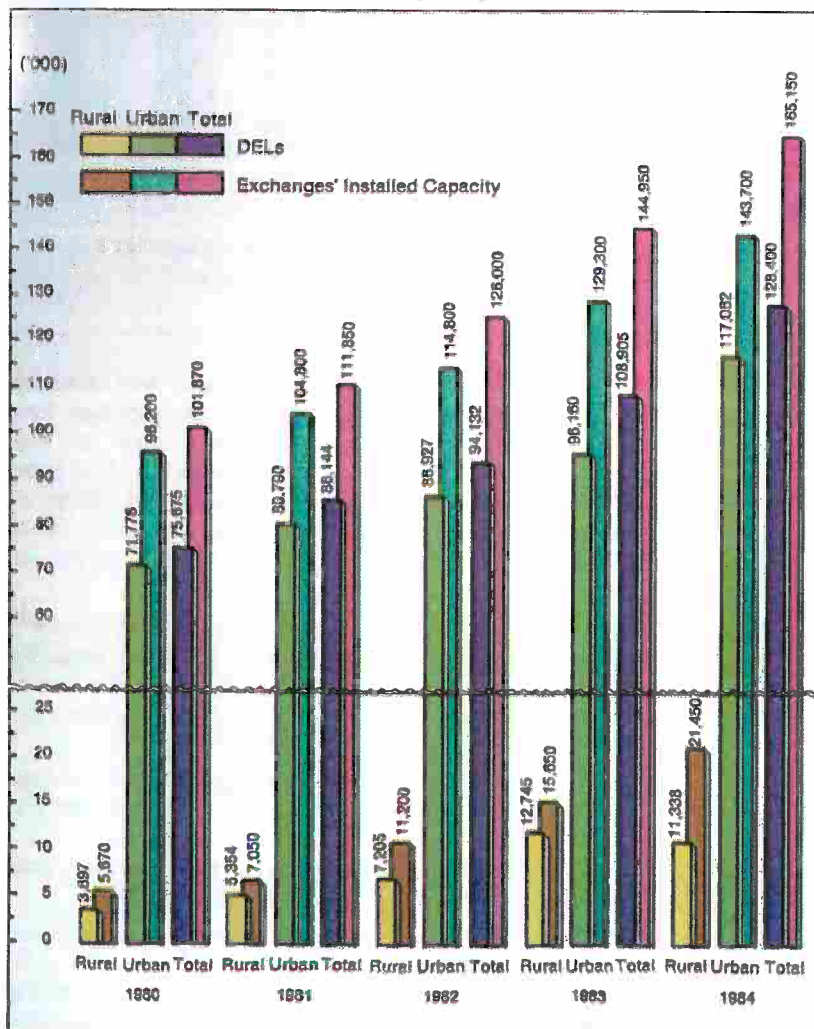
To ensure an optimum network operation and quality of service, one old step-by-step local telephone exchange of 6,000 subscriber lines capacity was recovered in 1984 and its

subscribers were transferred, without changing their numbers, to another telephone exchange.

During 1984, the tender analysis for the supply of an overlay digital switching network was concluded and a contract signed, covering the 1985-89 period, for the supply of local/transit digital telephone exchanges of a total capacity of approximately 110,000 subscriber lines. The above contract includes also a new digital international telephone exchange and a centralised operation and maintenance centre.

Furthermore, studies were made, specifications issued and orders placed for the upgrading, redeploying, extending and interworking of existing analogue exchanges due to the introduction of the digital network.

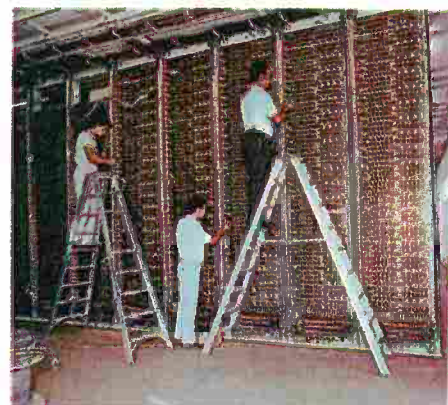
Fig. 18 Exchanges' Installed Capacity and DELs



Testing Exchange Equipment



Exchange Construction



Status and Development of the Network

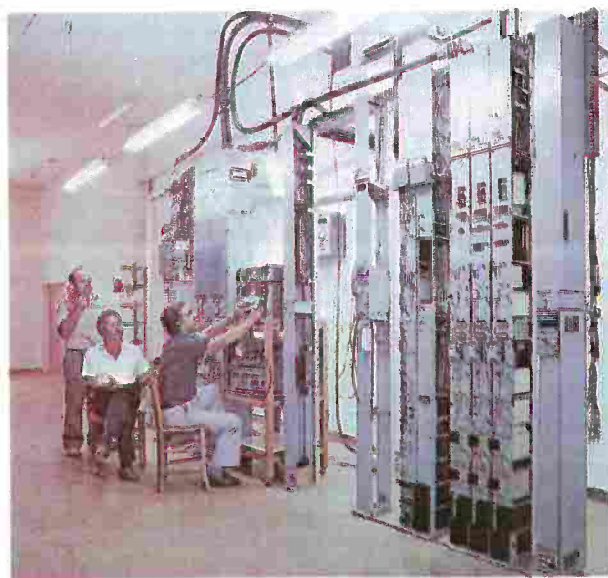
1.2 Transmission Systems

At the end of 1984, two independent SHF microwave routes, utilising different repeater stations, formed the backbone of the analogue transmission network and carried the inter-city, international as well as part of the rural traffic. The intra-city circuit groups were carried over loaded junction cables, whilst for the rural trunk routes SHF, UHF or 12-channel open-wire carrier systems were employed.

During the year under review, 6 additional new UHF and 1 SHF radio links were installed, whilst other existing systems were redeployed to new locations. Furthermore, the baseband capacities of the existing SHF links from Nicosia and Larnaca to Kionia repeater station were extended from 960 to 1800 channels each.

In all, the transmission network of Cyprus comprised, at the end of 1984, 16 SHF radio links, 24 UHF radio links and 21 open-wire carrier systems.

Testing Radio Equipment



Additional multiplex equipment were also installed at various locations representing an overall capacity of 2900 telephone channels. Of those, 1928 channels were installed in urban locations and 972 in rural locations. The total telephone channel capacity of the multiplex equipment installed at the end of 1984 was 7,463, representing an increase of 63.6% over the 1983 figure. (Fig. 19)

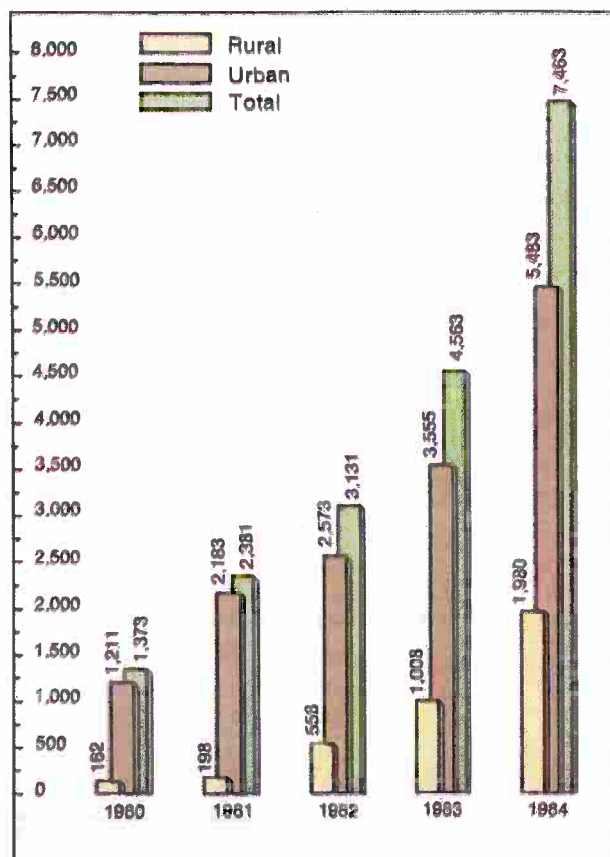


Fig. 19 **Capacity of Multiplex Equipment**
(In Telephone Channels)

In addition to the above, a new 1+1 Carrier System was introduced in the subscriber line network, which allows the connection of two independent DELs onto one subscriber line pair. This facility will enable the limited provision of telephone service to urban areas, whenever there is a temporary shortage of line plant. In all, 48 such systems were initially installed.

During 1984, all HF transmitting equipment were transferred to the newly built station at Pera. The Kolokosh HF receiving station was also equipped with new HF RT consoles to facilitate the management of the maritime service.

Furthermore, studies and plans were made, specifications issued and orders placed for the extension of the Authority's network, by establishing new communication links and extending or redeploying existing facilities.

During 1984, the tender analysis for the supply of an overlay digital transmission network was concluded and a contract was signed, covering the 1985-87 period, for the supply of medium and

Status and Development of the Network

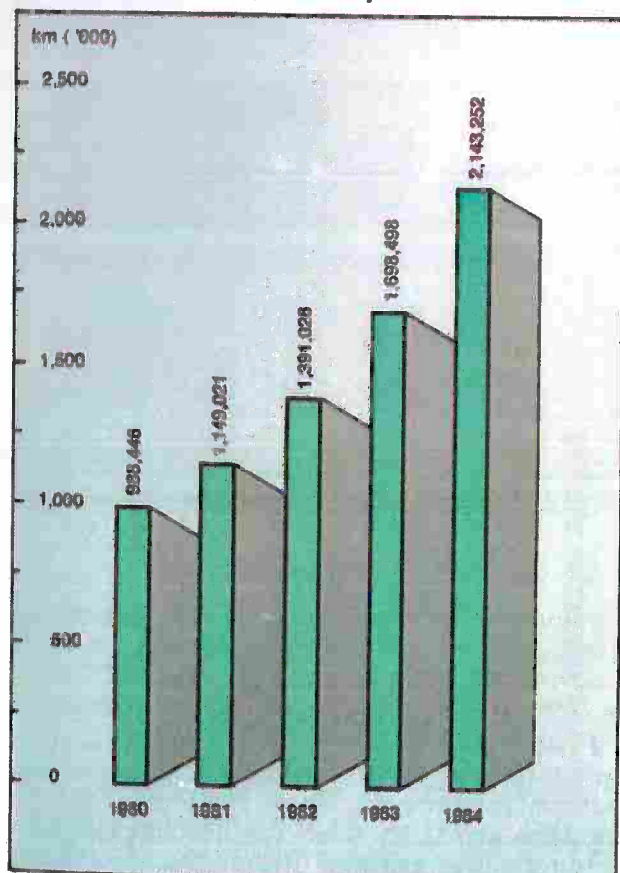
high capacity digital microwave radio systems, optical fibre transmission systems at 34 MBit/s, digital line transmission systems over symmetrical pairs at 2,048 KBit/s, associated muldex equipment and transmultiplexers.

1.3 Line Plant

The Authority's line plant comprises underground and overhead cables, overhead open wires and their associated installations (including ducts, distribution boxes, fittings, poles, etc.). It provides connections between urban exchanges, via loaded junction cables, urban and some rural exchanges, via open wires accommodating 12-channel carrier systems and between exchanges and subscribers, via the local distribution network.

During 1984, a total of 40,000 lines were installed in the urban areas and 11,050 lines in the rural areas, representing 31% and 307% increase respectively over the 1983 figures (30,540 lines for the urban and 3,600 lines for the rural areas).

Fig. 20 Single Wire Cable Installed In Ground and Ducts, and Suspended



In 1984, the equivalent single wire length of the cables installed in the ground, laid in ducts and suspended on poles was 444,754 kilometers bringing the total to 2,143,252 kilometers at the end of the year. (26.2% increase over the 1983 figure). (Fig. 20)

Drawing Underground Cables



The total length of cables installed in 1984 were 1,296 kilometers, of which 497 kilometers were laid in the ground (38.4%), 599 kilometers were drawn in ducts (46.2%) and 200 kilometers were suspended (15.4%).

Jointing Underground Cables



Status and Development of the Network

The total length of the overhead single wire existing at the end of 1984 was 30,126 kilometers, 145 kilometers less than the corresponding figure of the previous year. This was the result of the practice of undergrounding most of the new cable network and also undergrounding existing overhead lines which present certain problems.

During 1984, studies and plans were also made out for the line plant development of the various areas, specifications were prepared, tenders were invited and evaluated and orders were placed for the provision of various line plant materials.

2. INTERNATIONAL TELEPHONE NETWORK

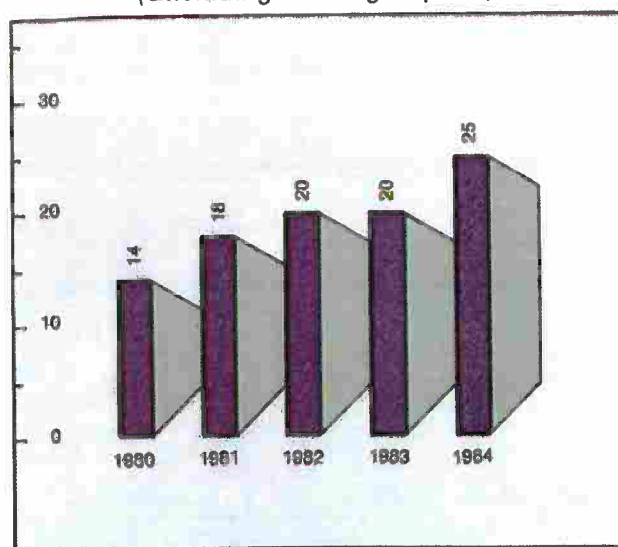
In 1984, the international telephone network was fully analogue.

2.1 International Telephone Exchange

The international telephone exchange is a crossbar 4-wire tandem exchange which can cope with CCITT No. 4, No. 5 and R2 signalling systems. It is equipped with international manual board facilities and magnetic tape equipment for full international accounting, according to both route and destination.

During the year under review, the installed capacity in international telephone circuits remained unchanged. Only additional equipment was installed to increase the number of circuits to the national network.

Fig. 21 **Telephony: Number of Countries Directly Connected with Cyprus (Excluding Through Spade)**



However, studies were made, specifications issued and an order placed for the provision of additional equipment to expand the capacity of the international telephone exchange. This equipment will meet the demand in international circuits until the provision of the new digital international telephone exchange in 1987.

In 1984, new direct telephone routes were established with 5 additional countries, namely Bahrain, Czechoslovakia, Egypt, Jordan and the Netherlands, bringing the total number of countries directly connected with Cyprus to 25. Furthermore, the route to the SPADE facility of the satellite earth station, working with the INTELSAT Satellite, Atlantic Ocean Region, enabled direct access to 12 additional countries. (Fig. 21)

The total number of International telephone circuits in operation increased to 646, i.e. an increase of 7.8% over the 1983 figure. (Fig. 22)

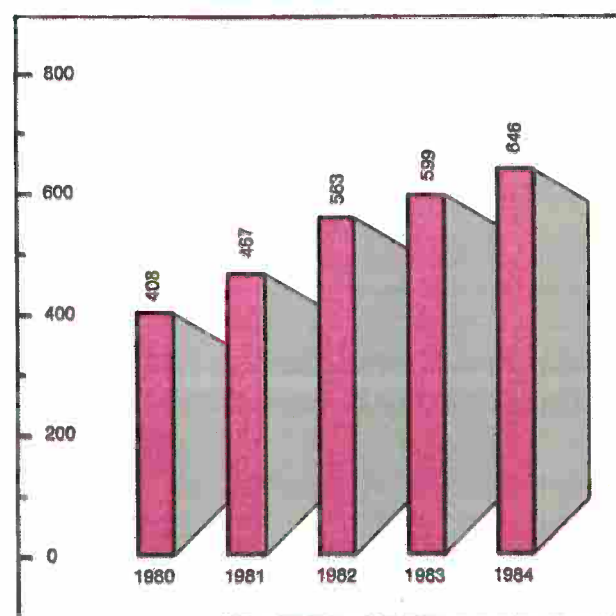


Fig. 22 **International Telephone Circuits In Operation**

By the end of 1984, International Subscriber Dialling (ISD) was available from Cyprus to 85 countries, i.e. a 9% increase over the 1983 figure, whilst the rest of the world could be accessed through the operator. (Fig. 23)

In addition, Cyprus could be accessed automatically through ISD from 55 countries, an increase of 12.2% over the 1983 figure and through the operator from the remaining

Status and Development of the Network

countries. In all, Cyprus was connected with 185 countries of the world, an increase of 26.7% over the last few years' figure. (Fig. 24)

Fig. 23 **Telephony: Number of Countries Accessed from Cyprus**

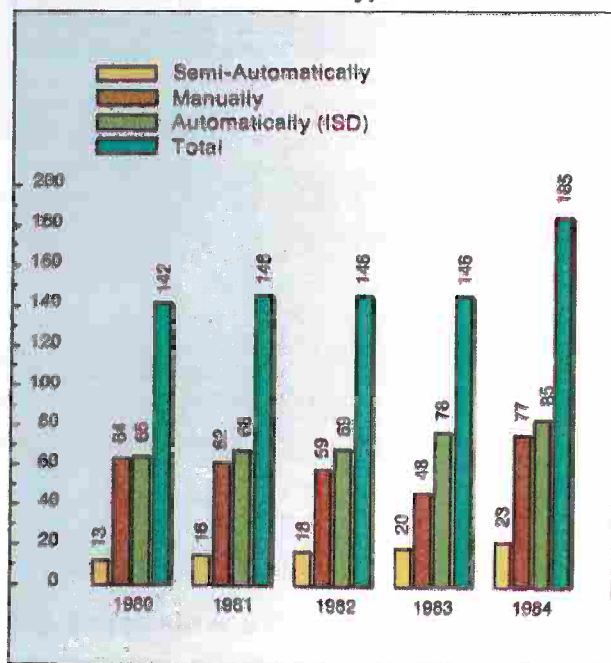
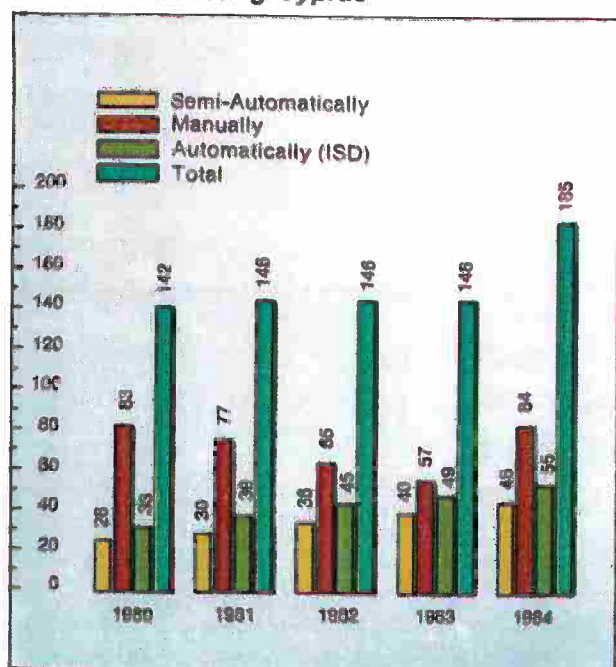


Fig. 24 **Telephony: Number of Countries Accessing Cyprus**



2.2 International Transmission Systems

At the end of 1984, Cyprus was interconnected with the rest of the world via the following transmission systems.

- Two submarine cable systems to Greece (480 and 1380, 4 KHz channel capacity).
- One submarine cable to Lebanon (480, 4 KHz channel capacity).
- One standard A Satellite Earth Station, working with the INTELSAT V Primary (F-3) Satellite Atlantic Ocean Region, which apart from telephony (121 channels), was equipped with transmit/receive TV facilities and a SPADE terminal (12 channels).
- One standard B Satellite Earth Station, working with the INTELSAT V Primary (F-7) Satellite Indian Ocean Region (32 channels plus 5 sound programme channels and TV reception facility).
- Two UHF links to Israel (48 channels).
- One UHF link to Lebanon (120 channels capacity).
- One Tropo-Scatter System to Greece of 120 channels capacity (used only for restoration purposes).

During 1984, specifications were prepared, tenders invited and evaluated and a contract signed for the supply, installation and commissioning of a EUTELSAT (ECS) satellite earth station, to be operational in mid 1986. This earth station will further enhance the telecommunication facilities with the European countries.

3. TELEX NETWORK

The national and international telex service in Cyprus is provided through a fully electronic Stored Programme Control (SPC) telex exchange, which can cope with CCITT type -A, -B and -C signalling systems. This telex exchange has already been expanded to its maximum capacity of 4096 ports (subscribers and lines). Due to the continuously rising demand for telex service, studies were made and specifications were issued in 1984 for the provision of a new digital SPC telex exchange, which is expected to be operational in the second half of 1986.

The remote telex subscribers and international lines use the telephone network through Voice Frequency Telegraphy (VFT) and Time Division Multiplex (TDM) equipment, to access the telex exchange. In 1984, a number of new TDM

Status and Development of the Network

equipment was installed and existing TDM and VFT equipment was redeployed to extend further the provision of inland and overseas telex service. Furthermore, studies were made and orders placed for additional TDM equipment to meet the 1985 requirements.

During the year under review, automatic telex service was available with 148 countries, i.e. almost all the countries in the world. At the end of 1984, the number of international circuits in operation rose to 273, a 5.4% increase over the 1983 figure. (Fig. 25)

4. TELEGRAPH NETWORK

The national and international telegraph traffic in Cyprus is routed through an Automatic Message Switching Centre. Due to the declining tendency of the telegraph traffic, no additional installations were effected on the telegraph network in 1984.

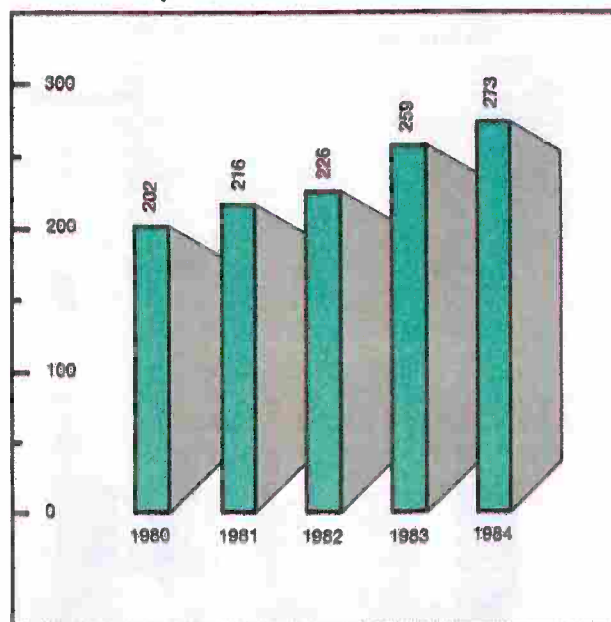
5. DATA NETWORK

During 1984, no specific switched data network existed in Cyprus.

Due to the continuously rising demand for the provision of data services it was decided to study,

in 1985, the feasibility of a Packet Switched Data Network to be operational by the end of 1986.

Fig. 25 *International Telex Circuits In Operation*



CY.T.A. Head Office Building



International Relations and Activities

The Authority takes an active part in the work and deliberations of international telecommunications organisations and is well represented in the relevant working committees and conferences organised by the above bodies.

Furthermore, officers of the Authority pay regular visits to suppliers for technical discussions, information on product development and new systems, factory inspection and acceptance tests of equipment to be delivered, etc.

Other Administrations are also visited to discuss bilateral matters and exchange information on systems and equipment in operation, operational procedures, etc.

The Authority maintains excellent relations with its international counterparts and this is most conducive to the Authority's efforts to keep abreast with technical progress in the field of telecommunications.

1. INTERNATIONAL TELECOMMUNICATION UNION (ITU)

Cyprus is a member of the ITU, an agency of the United Nations with 159 member countries.

The Authority follows very closely the work of the ITU and its associated Bodies, namely CCITT, CCIR and IFRB and complies with all their recommendations. During the year under review, officers of the Authority participated in meetings and seminars organised under the auspices of the ITU, including the CCITT Plenary Assembly (Torremolinos, Spain) and various activities of joint ITU/UNDP MEDARABTEL projects (MEDARABTEL, Development of Telecommunications in the European Region).

2. EUROPEAN COMMISSION OF POSTS AND TELECOMMUNICATIONS (CEPT)

The Authority represents Cyprus in the Telecommunications Commission (T-Commission) of the CEPT, which is a regional organisation for Europe with 26 member countries.

During 1984, the General Manager of the Authority represented Cyprus in the Extraordinary Plenary Assembly of the CEPT, held at Montreux, Switzerland, during which general policy matters were discussed and an informal exchange of

The Delegation of CY.T.A. at the VIIIth CCITT Plenary Assembly



International Relations and Activities

information took place. In addition, officers of the Authority attended the CEPT T-Commission extraordinary meeting (Montpellier, France).

3. COMMONWEALTH TELECOMMUNICATIONS ORGANISATION (CTO)

The Commonwealth Telecommunications Organisation was established by the Governments of Commonwealth for the promotion and development of telecommunications in the Commonwealth.

The Chairman of the Authority continued to represent Cyprus in the Commonwealth Telecommunications Council and in this capacity he attended the 24th CTO Council meeting held in Montego Bay (Jamaica). Officers of the Authority served as members and local representatives of various groups and committees of the CTO and participated actively in the associated work. During 1984, the Authority participated in a Maintenance Seminar (London, U.K.) and in an officers' meeting of the Consultative Committee for Collaborative Arrangements-CCCA (Penang, Malaysia). In addition, one officer of the Authority was appointed as a member of a CCCA special working group, comprising six Commonwealth countries, with the task to draft and finalise in 1985 a hand-book titled "Planning Approach to Digitalization", to be used as reference by the CTO member countries.

4. INTERNATIONAL SATELLITE ORGANISATION (INTELSAT)

INTELSAT is an independent international organisation with 109 member countries and provides worldwide telecommunication services through satellites positioned over the three oceans - Atlantic, Indian and Pacific.

The investment share of the Authority in INTELSAT for 1984 was 0.129802%, whilst the utilisation percentage of Cyprus during the year was 0.218940%, out of the total telecommunications provided by INTELSAT.

During 1984, officers of the Authority participated in the Operations Representative Conferences of the Atlantic and Indian Ocean Regions (Montreux, Switzerland and Coventry, U.K., respectively) and in the Consultative Meeting on New Services (Stockholm, Sweden).

5. EUROPEAN SATELLITE ORGANISATION (EUTELSAT)

EUTELSAT is a European regional organisation, established to provide satellite communication facilities to European countries. The Authority is the EUTELSAT signatory for Cyprus with an investment share of 0.97%. It is planned that Cyprus will be operating in the EUTELSAT system by mid 1986.

During the year under review, officers of the Authority participated in the Operational Advisory Committee, the Ad-hoc Working Group for EUTELSAT II satellites and the regional Traffic meetings, all held in Paris, France.

6. OTHER FORUMS

Following the commitment of the Authority in 1983 to participate as co-owner to the forthcoming Transatlantic-8 (TAT-8) Optical Fibre Cable system, an officer of the Authority participated in the TAT-8 Traffic Data Gathering Conference (New Jersey, U.S.) and the Co-owners Meeting (Eastbourne, U.K.). In the latter meeting, the policy relating to the sale and pricing of circuits was finalised and the construction and maintenance agreement for the TAT-8 cable system was initialled.

Furthermore, the Deputy General Manager assisted by other officers of the Authority, participated in regional meetings between European and Mediterranean countries to study the feasibility of an integrated Optical Fibre Submarine Cable system in the Mediterranean sea.

7. CYPRUS NATIONAL COMMUNICATIONS COMMITTEE

The General Manager represented the Authority in the Cyprus National Communications Committee which was established in 1983, after that year was proclaimed by the United Nations General Assembly as World Communications Year. This Committee continued to function in 1984 as a Consultative Committee to the Ministry of the Presidency by decision of the Council of Ministers.

Administration and Staff Relations

1. INDUSTRIAL RELATIONS

The satisfactory management/staff relations, which prevailed during the year, ensured industrial peace and enabled the Authority to proceed uninterrupted with the implementation of its development plans and the general improvement of the service.

By the end of the year, the negotiations with the Union regarding the claims submitted in October 1983 for the revision of certain conditions of employment and salary scales of the staff, reached their final stage. It is believed that the new collective agreement will be signed early in 1985.

2. JOINT CONSULTATIONS

There was a close cooperation between management and staff and the following Joint Committees functioned satisfactorily and effectively:

2.1 Staff Safety and Welfare

The Authority employs a full time Safety and Welfare Officer, who is responsible for the implementation of management policy on staff safety and welfare.

2.1.1 Safety

Every effort was made for the prevention of accidents by using the appropriate equipment and strictly adhering to existing safety regulations. All accidents reported were promptly investigated and action taken to avoid their repetition.

2.1.2 Welfare

General staff welfare was well served through the satisfactory overall conditions at the place of work. Cases requiring special attention were most sympathetically and effectively dealt with. Such cases included seriously ill employees or members of their families, pensioners in need of care and attention, employee advice on use of statutory services etc. Christmas parties were organised for all employees and presents were distributed to employees' children under a certain age.

2.2 Recruitment/Implementation of Establishment - Manpower etc.

The continuous expansion of the Authority and the introduction of advanced technology necessi-

tated the recruitment of a number of employees of both lower and higher level. In November 1984, a significant recruitment programme was launched and a relatively large number of vacancies was advertised in the local press. It is expected that the new employees will join the Authority's manpower by the middle of 1985.

The implementation of the Authority's 1984 establishment resulted in 24 recruitments, 124 promotions, 26 changes of scale, 1 transfer from weekly paid to permanent status, 10 transfers from weekly paid to temporary monthly paid status and 181 transfers from temporary monthly paid to permanent status.

The total number of permanent employees in 1984 was 2,062 (2,079 in 1983) including 151 (155 in 1983) weekly paid employees and 255 Turkish employees not attending duty. During the year, 34 employees retired, 2 employees resigned, 3 employees were dismissed and 2 employees passed away.

The Authority granted during the year 50,201 days (47,487 in 1983) as annual leave to its employees and 8,432/950 days (9,187/855 in 1983) as sick leave to its monthly/weekly paid employees. Outstanding annual leave for all employees at the end of the year reached 17,612 days (16,645 in 1983).

2.3 Training

The Authority places great emphasis on training so as to equip its staff with adequate knowledge, skills and correct attitudes relevant to the effective and efficient performance of their tasks, especially in view of the rapid technological changes.

During 1984, training has been organised in various forms, as follows:

- At the Authority's Training School in Nicosia, where 8 training courses were carried out.
- At the suppliers' premises.
- Through participation in international seminars.
- Through on-going "training on-the-job".
- At the Cyprus Productivity Centre.

In addition to staff training, and as part of the collaborative arrangements programme of the Commonwealth Telecommunications Organisation, the Authority organised and ran, during 1984, a 5 month training programme in general telecommunication aspects for 2 employees of the Swaziland Posts and Telecommunications.

During the year under review, the Authority also continued to provide free of charge training to

Administration and Staff Relations

telex subscribers or their employees on the proper operation of their telex terminals.

2.4 Medical Fund

2.4.1 Monthly Paid Personnel

All monthly paid employees of the Authority are members of the CY.T.A. medical fund, which is financed by the Authority with a contribution of 3% on the monthly paid employees basic salary and cost of living allowance. Additional sums are allotted to cater for special cases.

2.4.2 Weekly Paid Personnel

All 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.

Members of the fund contribute 1% of their wages and an equal contribution is made by the Authority.

2.5 Pension and Provident Funds

During 1984, the CY.T.A Pension Scheme, which has been in effect since 27.5.83, the CY.T.A. Permanent Monthly Paid Employees Superannuation Fund, and the Weekly Paid Employees Provident Fund have been administered by their joint Committees and functioned effectively.

Staff at Work



Financial Report

YEARLY RESULTS

The results for the year show a surplus of £3,330,526 compared to £409,194 of the previous year. The increase was mainly due to a 22% rise in the operating revenue as against an 11% increase in the operating and other expenses.

Analytically the results were as follows:

A. OPERATING REVENUE

Service	1984 £	1983 £	Increase %
Telephone	25,748,046	21,007,126	22.6
Telegraph	396,761	372,661	6.5
Telex	3,111,961	2,574,523	20.9
Other	769,426	639,280	20.4
	<u>30,026,194</u>	<u>24,593,590</u>	22.1

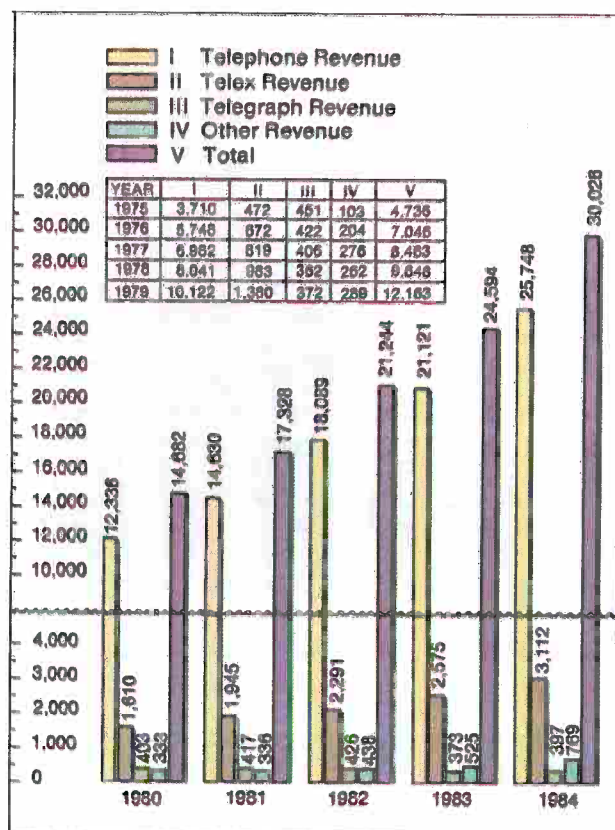


Fig. 26 Operating Revenue 1975-1984 (£Thousands)

Telephone Service

The constant expansion of the Authority's telephone network enabled a net addition of 19,495 subscribers to the system during the year.

The revenue from the service rose by 22.6%. The main sources were the inland calls £8,609,000 (£6,985,000 in 1983) and the overseas calls £13,677,000 (£11,223,000 in 1983).

Telegraph Service

The 6.5% increase in the revenue of this service was basically the increase in the leased circuits revenue which amounted to £67,000 for 1984 compared to £49,000 of 1983.

Telex Service

During the year, there was a net addition to the system of 432 telex subscribers. This was the main reason for the increase of the overseas calls to £2,436,000 (£1,995,000 in 1983) which make up 78.3% of the income from this group of services.

Other Services

The increase is mainly due to the television reception programmes revenue and additional services to the Civil Aviation Department.

(Fig. 26)

B. OPERATING EXPENSES

The operating expenses for the year, before allocations to capital and recoverable works, rose by 13.4% and amounted to £22,958,724 compared to £20,237,018 of 1983.

The items of expenditure that mainly contributed to the increase of £2,721,706 were the following:

1. The staff costs which rose by £719,066 mainly due to the engagement of 24 new employees and the increase in the cost of living allowance (1.46% from 1.1.1984 and 6.62% from 1.7.1984).
2. The Pension Scheme Payments provision which rose by £237,681. The increase is proportional to that of the salaries.
3. The depreciation which rose by £1,413,681 due to extensive capital development.

(Fig. 27)

C. FINANCIAL EXPENSES

The financial expenses for the year were £4,705,202 compared to £4,463,197 of 1983.

The increase was mainly due to a £241,913 rise in the interest on suppliers' credit and loans from foreign financial institutions which resulted from additional financing obtained for the purchase of equipment for development.

Financial Report

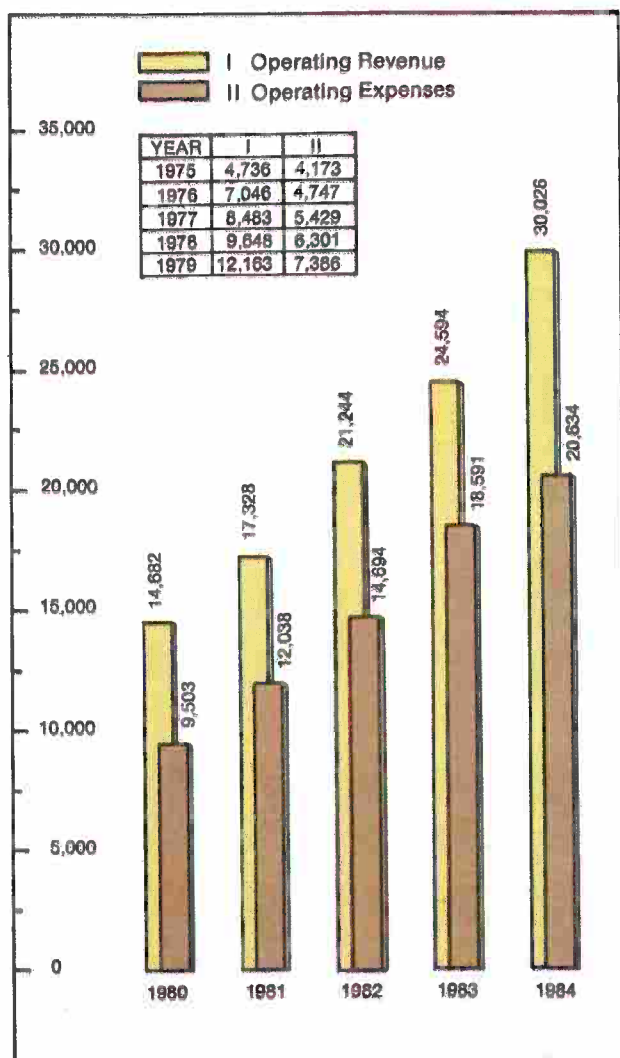


Fig. 27 Operating Revenue and Expenses 1975-1984 (£Thousands)

D. FOREIGN EXCHANGE LOSS

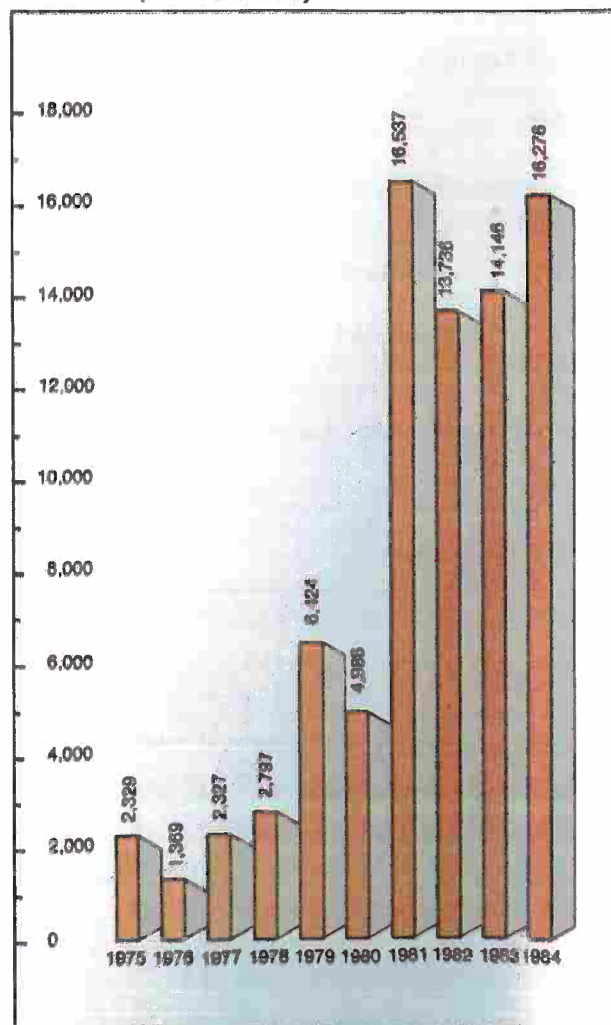
This is made up of £560,280 net realised exchange loss and £1,459,648 unrealised exchange loss provision.

E. DEVELOPMENT

The additions to the fixed assets during the year amounted to £15,765,158 (£13,684,856 in 1983) after deducting £510,763 (£461,653 in 1983) contribution from subscribers by way of installation fees. These additions are normal extensions and improvements to the telecommunications system.

This year's development was financed from internal sources by 64% and from external sources, namely suppliers' credit and loans from foreign financial institutions, by 36%. (Fig. 28)

Fig. 28 Capital Expenditure 1975-1984 (£Thousands)



F. LOANS AND OTHER LONG TERM LIABILITIES

They comprise the following:

1. 5% Government Loan 1973/1987 amounting to £2,406,000 (£2,906,000 in 1983) and
2. The Authority's long term liability to suppliers and foreign financial institutions of £20,413,718 (£18,467,334 in 1983). This is repayable between 1986 and 2005 at interest rates ranging between 3.5% and 10.85% per annum.

Financial Report

G. RETIREMENT BENEFITS

The Authority's liability, based on actuarial valuation, amounted to £40,176,045 at 31.12.1984 (£36,850,849 in 1983). The Authority has not yet set aside any funds in the form of investment or otherwise against this future liability.

H. RESERVE FUND

The reserve fund as at 31st December, 1984, amounted to £24,219,380 as against £20,888,854 of 31st December, 1983.

I. CONTRACTUAL COMMITMENTS

The contractual commitments as at 31st December, 1984, amounted to £20,347,000 (£11,500,000 in 1983). They include £8,408,000 for the new digital switching and transmission equipment, £2,733,000 for a new earth station and £2,352,000 for the radar system of the Civil Aviation Department. The remaining balance represents outstanding orders in respect of plant and equipment for development amounting to £5,815,000 and building contracts amounting to £1,039,000.



A.T. DEMETRIADES
Chairman



A.N. STYLIANIDES
General Manager



S. KOKKINIDES
Secretary

Accounts 1984

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Report of the Auditors to the Cyprus Telecommunications Authority

We have audited the financial statements of the Authority in accordance with the International Auditing Guidelines and have obtained all the information and explanations we considered necessary. The financial statements have been prepared under the historical cost convention.

In our opinion proper books of account have been kept by the Authority and the financial statements which are in agreement therewith, give a true and fair view of the state of affairs of the Authority at 31 December, 1984 and of the surplus and source and application of funds for the year then ended.

6, Kilikis Street,
Nicosia

Scottis & Polydorides
Chartered Accountants

30th April, 1985.

Report of the Auditor General of the Republic to the Cyprus Telecommunications Authority

I have examined the foregoing report on the financial statements of the Cyprus Telecommunications Authority for the year ended 31 December, 1984 submitted by the appointed auditor in accordance with section 3 (1) of the Public Corporate Bodies (Audit of Accounts) Law and I am satisfied that this is correct.

Sp. Christou FCCA,
Acting Auditor General
of the Republic

Nicosia, 15th May, 1985.

Balance Sheet

31 December, 1984

		1984 £	1983 £
Fixed Assets	Note 4	57,898,271	48,836,167
Investments	5	1,045,108	919,000
Pension Scheme Deficiency	13	21,236,229	21,947,893
Current Assets	6	19,682,513	17,430,111
Less: Current liabilities	7	12,626,978	10,020,134
Net current assets		7,035,535	7,409,977
Total assets less current liabilities		87,215,143	79,113,037
Loans and other long-term liabilities	8	22,819,718	21,373,334
Retirement benefits	13	40,176,045	36,850,849
		62,995,763	58,224,183
		24,219,380	20,888,854
Reserve fund	9	24,219,380	20,888,854

The Notes to the Financial Statements form an integral part of these Financial Statements.



A.T. Demetriades
Chairman



A.N. Stylianides
General Manager



S. Modestou
Chief Accountant

Revenue Account

for the year ended 31 December, 1984

		1984 £	1983 £
Operating revenue	Note 10	30,026,194	24,593,590
<i>Less:</i> Operating expenses	11	<u>20,634,068</u>	<u>18,590,960</u>
Net operating revenue		9,392,126	6,002,630
<i>Add:</i> Investment and other income		<u>663,530</u>	<u>719,041</u>
		10,055,656	6,721,671
<i>Less:</i> Financial and other expenses	12	<u>4,705,202</u>	<u>4,463,197</u>
		5,350,454	2,258,474
<i>Less:</i> Foreign exchange loss		<u>2,019,928</u>	<u>1,849,280</u>
Revenue surplus for the year carried to reserve fund		<u><u>3,330,526</u></u>	<u><u>409,194</u></u>

The Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Source and Application of Funds for the year ended 31 December, 1984

	1984 £	1983 £
Source of funds		
Revenue surplus	3,330,526	409,194
Adjustment for items not involving the movement of funds:		
Depreciation and amortisation	6,482,107	5,068,426
Pension scheme provisions	3,808,352	3,648,814
Pension scheme deficiency written off	711,664	665,107
Loss on fixed assets disposals	220,947	175,573
Funds generated from operations	14,553,596	9,967,114
Funds from other sources		
Sale of investments	—	625,100
Increase in long term liabilities	1,446,384	3,015,663
Employees contributions to pension scheme	60,360	50,008
Transfer of funds from Superannuation fund and the Provident Funds	24,338	6,143,737
	16,084,678	19,801,622
Application of funds		
Fixed assets additions	15,765,158	13,684,856
Purchase of investments	126,108	304,282
Pension scheme and provident fund payments	567,854	543,388
	16,459,120	14,532,526
Net movement in working capital	(374,442)	5,269,096
Increase (decrease) in working capital		
Stores	(306,863)	1,823,649
Debtors	175,606	1,464,836
Prepayments	(43,844)	41,402
Current liabilities	(2,606,844)	(1,502,750)
Movement in net liquid funds:		
Increase in bank balances and cash in hand	2,407,503	3,441,959
(Decrease) Increase in working capital	(374,442)	5,269,096

The Notes to the Financial Statements form an integral part of these Financial Statements.

Notes to the Financial Statements

31 December, 1984

1. Basis of presentation and accounting policies

The accounting policies followed for dealing with items which are judged material or critical in determining the results for the year and in stating the financial position are set out below:

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Fixed assets, depreciation and amortisation

(i) Amortisation of leasehold properties is calculated so as to write off the cost of the leasehold by equal annual instalments over the period of the lease with a maximum of 33 years.

Depreciation is calculated at rates estimated to write off the cost of tangible fixed assets by annual instalments over their estimated useful lives as follows:

	%
Freehold buildings	3
Exchange, telegraph, line plant and apparatus	10
Radio and satellite earth stations	10
Sub-marine cables	4 - 5
Vehicles	20
Office furniture and equipment	10
Tools	33 1/3

Freehold land is not depreciated.

A full year's depreciation is charged in the year of acquisition or addition and no depreciation is charged in the year of disposal.

(ii) The cost of fixed assets comprises of the purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Self constructed assets are valued individually at material cost plus an addition for direct labour and other appropriate expenses.

Borrowing costs relating to the acquisition of plant and equipment are written off as they arise.

Expenditure on repairs and renewals is written off in the year it is incurred.

(c) Debtors

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection.

(d) Stocks

Stocks, which include plant and equipment for current development are stated at cost or valuation less provision for obsolescence. The principal methods for determining cost or valuation are as follows:

(i) Additions are valued at weighted-average cost which includes purchase cost and other attributable expenses.

(ii) Recoveries of apparatus and equipment are valued at original cost less accumulated depreciation.

(e) Loans and other long term liabilities

Liabilities which are not due within twelve months from the balance sheet date are designated as long term.

Notes to the Financial Statements

(f) Operating revenue

Operating revenue is stated after the deduction of amounts due to other administrations in respect of international traffic.

(g) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Balances denominated in foreign currencies are translated into Cyprus pounds at the exchange rate ruling at the balance sheet date. Gains and losses on exchange are dealt with in the revenue account.

(h) Interest payable and/or receivable in subsequent years

Interest payable and/or receivable, attributable to subsequent years, is deducted from the respective liabilities or receivables.

2. Comparative figures

The comparative figures for 1983 have been restated to reflect certain reclassifications and the effects of the change in the accounting policy relating to fixed assets.

3. Change in accounting policy

The policy followed in accounting for the excavation and re-instatement costs for the line plant network, which in prior years was written off in the year incurred, was changed during the year ended 31 December, 1984 and such costs are now capitalised and depreciated at the same rate as the rest of the line plant network.

It is considered that the new policy will give a fairer presentation of the results and the financial position of the Authority.

At 31 December, 1983 the accumulated excavation and re-instatement costs amounted to £5,867,943. Of this, £1,734,084 relating to 1983 was written off during 1983 and the balance of £4,133,859 was written off in previous years. In restating the results of 1983 on the basis of the new policy, the charge of £1,734,084 was eliminated, the depreciation charge was increased by £586,794, and the net reduction in costs of £1,147,290 resulted in a change from the reported revenue deficit of £738,096 to a surplus of £409,194. The difference between £4,133,859, which was written off in 1982 and earlier years, and the related accumulated depreciation of £1,142,321, amounting to £2,991,538, has been adjusted in the revenue surplus at the beginning of 1983.

The effect of these adjustments on the reported amounts for fixed assets is summarised as follows:

	Cost £	Accumulated Depreciation £	Net Book Value £
Exchange, Telegraph Line Plant and Apparatus			
As previously reported at 31 December, 1983	39,931,326	18,443,511	20,487,815
Prior year adjustment	5,867,943	1,729,115	4,138,828
As restated	<u>44,799,269</u>	<u>20,172,626</u>	<u>24,626,643</u>

Notes to the Financial Statements

4. Fixed Assets

	Freehold Land and Buildings		Leasehold Buildings		Exchanges, Telegraph, Line Plant and Apparatus		Repeater, Radio & Stations		Satellite Earth Station		Submarine Cables		Motor Vehicles, Tools and Equipment		Office Furniture and Equipment		Assets Under Construction		Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Cost																				
At 1 January, 1984	4,507,841	278,497	44,739,269	2,201,980	2,528,549	11,457,421	1,263,376	489,221	7,720,428	75,233,282										
Transfers	—	—	(22,867)	22,867	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Additions	872,838	1,599,523	13,439,735	524,486	27,398	217,614	220,741	73,928	(1,210,469)	15,765,159										
Disposals	—	—	438,085	26,630	—	—	15,125	10,030	—	489,850										
At 31 December, 1984	5,380,679	1,578,025	57,776,092	2,722,603	2,555,937	11,675,035	1,474,902	532,519	6,509,959	90,508,591										
Depreciation																				
At 1 January, 1984	563,502	68,254	20,172,626	1,355,327	868,942	2,227,507	886,862	256,995	—	26,397,115										
Depreciation on transfers	—	—	(12,946)	12,946	—	—	—	—	—	—										
Charge for the year	185,427	57,324	4,973,035	179,967	255,369	571,392	219,292	40,082	—	6,492,108										
Depreciation on disposals	—	—	232,753	22,119	—	—	5,173	8,658	—	268,903										
At 31 December, 1984	748,929	123,578	24,898,983	1,526,115	1,123,631	2,798,899	1,100,981	288,219	—	32,610,320										
Net book value																				
At 31 December, 1984	4,631,550	1,755,447	32,878,124	1,196,488	1,432,256	8,876,138	374,011	244,300	6,509,959	57,898,271										
At 31 December, 1983	3,944,139	213,243	24,628,643	846,553	1,680,507	9,229,914	382,514	212,226	7,720,428	48,836,167										

Note: Assets in occupied areas

Fixed assets include assets situated in areas presently occupied by the Turkish army of occupation or in areas which are not accessible to the Authority due to current conditions. The Authority is not in a position to ascertain the present state of these assets, and continues to provide a full year's depreciation thereon.

Full provision has been made in the financial statements in respect of items in stores situated in the occupied areas.

Notes to the Financial Statements

5. Investments

Investments represent Trade Investments in the International Telecommunications Satellite Organisation (INTELSAT) and the European Telecommunications Satellite Organisation (EUTELSAT). Under the terms of the allotment of the relative shares the Authority is required to make contributions proportionate to its investment share, towards future development projects undertaken by INTELSAT and EUTELSAT.

6. Current assets

	1984	1983
	£	£
Stores	5,927,608	6,234,471
Debtors and other accounts less provisions	5,660,233	5,484,630
Repayments	7,905	51,749
Bank balances and cash in hand	8,068,784	5,659,261
	<u>19,662,513</u>	<u>17,430,111</u>

The debtors and other amounts, less provisions, are stated after the deduction of £4,725 (1983: £8,100) representing interest attributable to subsequent years. They include a long term debt of £30,000 (1983: £45,000) which is repayable by equal annual instalments till 1987, at an interest rate of 6% per annum.

7. Current liabilities

	1984	1983
	£	£
Bills and other accounts payable to suppliers	3,840,428	2,774,120
Loans from foreign financial institutions	3,046,678	2,317,896
Creditors and other accounts	4,683,216	4,482,112
5% Government loan 1973/1987	500,000	10,000
5 3/4% Government loan 1970/1984	—	15,156
Deferred income	546,856	440,850
	<u>12,626,978</u>	<u>10,020,134</u>

The bills and other accounts payable to suppliers are stated after the deduction of £515,352 (1983: £420,334) representing interest attributable to subsequent years.

8. Loans and other long term liabilities

	1984	1983
	£	£
5% Government loan 1973/1987	2,408,000	2,906,000
Bills payable to suppliers	8,248,701	7,017,189
Loans from foreign financial institutions	12,165,017	11,450,145
	<u>22,819,718</u>	<u>21,373,334</u>

Notes to the Financial Statements

(a) The bills payable to suppliers are payable between 1986 and 1990 and bear interest ranging between 6%-10.85% per annum. These are stated after the deduction of £941,754 (1983: £928,259) representing interest attributable to subsequent years.

(b) The loans from foreign financial institutions are repayable between the years 1986 and 2005 and bear interest ranging between 3 1/2%-9% per annum.

9. Reserve fund

	1984	1983
	£	£
Surplus for the year	3,330,526	409,194
Revenue reserve at beginning of year:		
As previously reported	16,750,026	17,488,122
Prior year adjustment (see note 3)	4,138,828	2,991,538
As restated	20,888,854	20,479,660
	<u>24,219,380</u>	<u>20,888,854</u>

10. Operating revenue

	1984	1983
	£	£
Telephone services	25,748,046	21,007,126
Telegraph services	398,761	372,661
Telex services	3,111,961	2,574,523
Other services	769,426	639,280
	<u>30,028,194</u>	<u>24,593,590</u>

11. Operating expenses

	1984	1983
	£	£
Staff cost	11,253,069	10,534,003
Pension scheme payments provision	2,275,500	2,037,819
Maintenance	620,170	477,267
Depreciation and amortisation	6,482,107	5,068,426
Leased circuit rentals	814,884	904,103
Other	1,512,894	1,215,400
	<u>22,958,724</u>	<u>20,237,016</u>
Less:		
Staff costs and transport allocated to:		
Fixed assets	2,281,058	1,599,813
Recoverable works	43,598	46,245
	<u>2,324,656</u>	<u>1,646,058</u>
	<u>20,634,068</u>	<u>18,590,960</u>

Notes to the Financial Statements

12. Financial and other expenses

	1984	1983
	£	£
Interest on Government loans	145,967	160,666
Interest on suppliers' credit and loans from foreign financial institutions	1,845,257	1,803,344
Other Interest	462	16,642
Pension scheme payments provision	1,536,353	1,582,910
Pension scheme deficiency	711,664	665,107
Superannuation fund post retirement pension benefits	94,487	178,524
Provision for deficiency of the provident fund safeguarding benefit	(3,501)	28,085
Other	374,513	227,919
	<u>4,705,202</u>	<u>4,463,197</u>

13. Retirement benefits

The Authority operates three separate staff retirement schemes:

A Superannuation Fund, a Pension Scheme for the monthly paid staff and a Provident Fund for the weekly paid staff.

A Provident Fund for the monthly paid staff was also operating till 31 December, 1983. This Fund was dissolved on 1 January, 1984 and 6 of the active members opted to become members of the Pension Scheme. As the Pension Scheme is non-contributory, the Authority's contributions for these members were refunded to the Authority whereas the employees' contributions were credited to them in the Superannuation Fund and will be refunded on their retirement. The remaining 3 active members opted to become members of the Superannuation Fund and all relative contributions were transferred to this Fund. The amounts standing to the credit of the non-active members are kept in bank deposits separately from the finances of the Authority. These balances at 31 December, 1984 amounted to £371,762.

(a) Superannuation Fund

Contributions to this fund are made by both the Authority and its members and it operates independently of the finances of the Authority.

Under the regulations of the Fund the Authority is liable to make good any deficiencies which may be revealed on periodic actuarial valuations. The last valuation was made on 1 January, 1983 and the Authority paid to the Fund the amount of the deficiency revealed.

The Authority is also liable to make annual lump sum payments, based on actuarial valuation, for the purpose of funding any pension increases after retirement. The amount paid during 1984 was £94,487.

(b) Pension Scheme

This is a non-contributory scheme and a provision is made annually, based on an actuarial valuation carried out in 1983 against the Authority's future liability for pension benefits. At 31 December, 1984 the Authority's future liability amounted to £40,142,584.

Notes to the Financial Statements

At 31 December, 1984 the balance of the deficiency was as revealed by the 1983 actuarial valuation, amounted to £21,236,229 (1983: £21,947,893) and will be written off against revenues till 2000.

(c) Provident Fund for the weekly paid employees

Contributions to this fund are made by the Authority and its members.

Under its rules the Authority is liable to make good any deficiency that might arise between a minimum amount, as specified by the rules, and the amounts standing to the credit of the members of this fund on retirement. The aggregate sum provided for, in respect of this deficiency up to 31 December, 1984 amounted to £33,461. The Authority has not undertaken to fund this deficiency liability.

The Authority's total liability for these retirement benefits at 31 December, 1984 amounted to £40,176,045 (1983: £36,850,849).

14. Contractual commitments

Contractual commitments in respect of capital expenditure as at 31 December, 1984, not provided for in these financial statements, amounted to approximately £20,347,000 (1983: £11,500,000) of which £17,821,000 is payable in foreign currency. Amounts in foreign currency have been converted into Cyprus pounds at the rates of exchange ruling at 31 December, 1984.

15. Taxation

The Authority acting on the advice of its legal advisor that it has no liability to income tax has made no provisions for possible income tax liability on the surplus for the current and previous years. The Authority is currently involved in litigation with the Inland Revenue with regard to this matter.

16. Contingent liabilities

The Authority acting on the advice of its legal advisor that it has no liability to contributions to the Special Fund for the Relief of Displaced Persons, has made no provision for this amount. If it is determined that the Authority is liable to special contribution, the liability at 31 December, 1984 has been estimated to be in the region of £2,580,000 (1983: £1,275,000).

Other contingent liabilities in respect of claims against the Authority for which no provision was made in the financial statements, amounted to approximately £24,000 (1983: £174,000).

