

UNIVERSITY OF  
**PETRA**

The background of the cover features a photograph of the Treasury (Al Khazneh) in Petra, Jordan, carved into the rock face. The image is partially obscured by a large, dark red geometric shape that cuts across the right side and bottom of the page.

# Financial Report



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## General Description

It is an educational organization under the name of the University of Petra, founded in 1991, located in the West Amman region, and the University of Petra campus hosts 8,024 bachelors and masters students in the following colleges:

College of Arts and Sciences, College of Administrative and Financial Sciences, College of Pharmacy and Medical Sciences, College of Information Technology, College of Design and Architecture, College of Law, College of Media, and College of Engineering.

The University of Petra is a center for knowledge creation through conducting research, developing skills, applying knowledge to new technologies, and transferring technology.

Accordingly, the University of Petra takes advantage of its organized and modern campus to direct the minds of young men and women towards new dimensions of thought, philosophy and logic. The University of Petra also provides a wonderful environment for the free expression of thought, dialogue, interactive and integrated learning, and research and development facilities. The University of Petra is also making unremitting efforts in developing communication programs aimed at community development, participating in regional and international practical events, holding meetings with other scholars, and publishing research in journals with the aim of finding solutions to social problems, providing new job opportunities, and eradicating poverty.

In pursuit of this, the University of Petra fulfilled the requirements for obtaining the ISO 9001 certificate in the field of higher education support services management and obtained a quality assurance certificate from the Higher Education Accreditation Authority. In addition, the University of Petra ranked first in the QS ranking of Jordanian private universities. The University of Petra is keen to provide quality educational programs and to align its curricula with the latest teaching methods and the latest scientific research findings. The University seeks to build bridges of communication and cooperation with the public and private sectors and the Jordanian society in general.

With the development of e-learning facilities, e-library and high-speed internet connection, the University of Petra campus has become a smart campus in which students and colleges use knowledge to develop advanced skills in order to improve entrepreneurship.

## Our Vision

The University of Petra aspires to be the "University of Choice", in Jordan and the region for learners and scholars.

## Our Mission

To work towards creating an academic, cultural and social environment that develop quality learning, creativity, innovation and research opportunities and which build up the competencies of UOP members, provide active community service and prepare its students to be capable of creative and critical thinking as well as lifelong learning to actively compete in the marketplace and workforces.

## Our Values

- To pursue learning for the sake of knowledge.
- To provide equal opportunities for learning and excelling.
- To learn how to learn.
- To motivate members for lifelong learning.
- To respect diversity, plurality & the opinions of others.
- To encourage teamwork and collaboration.
- To treasure creativity and achievements.
- To advocate for intellectual freedom.
- To commit to social justice and social responsibility.
- To be dedicated to leadership development and accountability.



# INDUSTRY OVERVIEW

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The sector of higher education in Jordan plays a key role in the process of comprehensive development at various levels and in many areas. During the reign of His Majesty King Abdullah II, higher education in Jordan has witnessed a significant progress in terms of the diversity of study programs, the patterns of teaching and learning that control both the quality and quantity and the expansion of higher education institutes.

In spite of the limited financial and human resources in the kingdom, higher education lies within the priorities of the Kingdom due to the role it plays in promoting the economic, social and knowledge level of the Jordanian citizens.

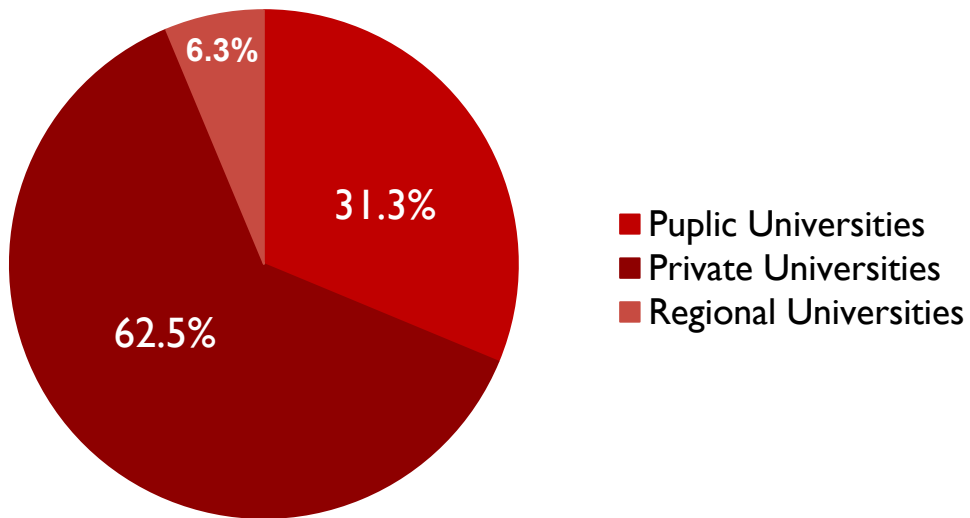
Higher education in Jordan started with the establishment of Teachers House, 'Dar Al-Mu'lemeen', in 1958 with a two year diploma aiming at preparing qualified teachers to work at schools belonging to the Ministry of Higher Education. Afterwards, the establishment of teacher's houses succeeded and became known as 'Teachers Institute' which has been developed for 'Community Colleges' since 1970s. As for university education, it commenced by the establishment of the University of Jordan in 1962 as the first university in the country. Al-Ahliyya Amman University was established in 1989 as the first private university in Jordan.

His Majesty King Abdullah II has paid special attention to the higher education and steered his successive governments to focus on higher education and its development. Thus, His Majesty's reign has witnessed the establishment of many public and private universities. Different new academic programs have emerged from the agreements signed between Jordanian and foreign universities.

The number of Jordanian universities nowadays is (31) universities distributed as (10) public, (19) private, and (2) regional.

These universities are distinguished for their most modern higher education programs characterized by their high levels of knowledge that make them compete internationally for various positions and vacancies.

## UNIVERSITIES IN JORDAN



The University Of Petra is among the universities in the education services sector in Amman Stock Exchange (MEMBER).

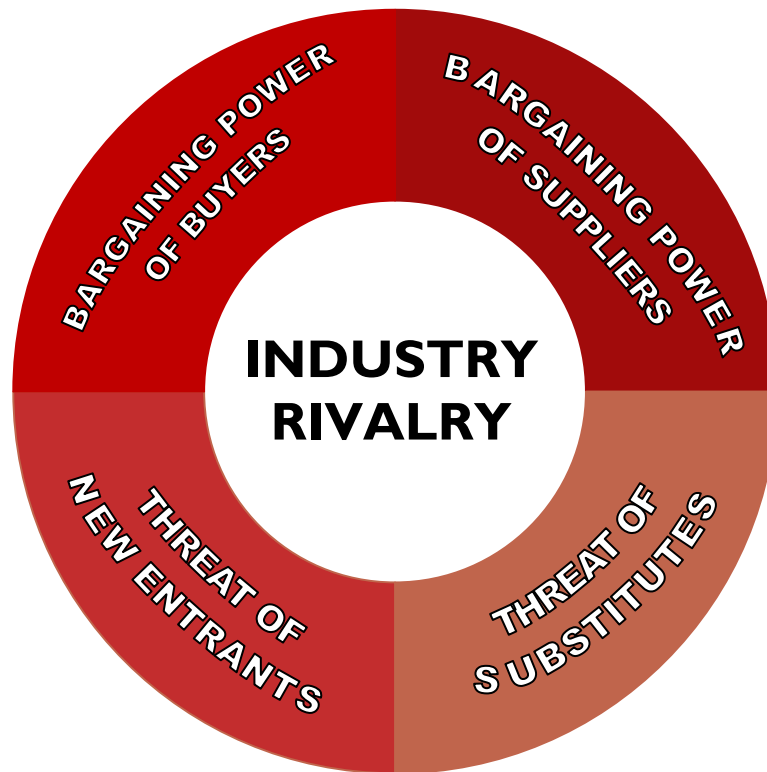
The universities in this industry:

- **AL-ZARQA EDUCATIONAL & INVESTMENT**
- **THE ARAB INTERNATIONAL FOR EDUCATION & INVESTMENT**
- **AL-ISRA FOR EDUCATION AND INVESTMENT**
- **PETRA EDUCATION COMPANY**
- **PHILADELPHIA INTERNATIONAL EDUCATIONAL INVESTMENT COMPANY**

# STRATEGY ANALYSIS

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## Michael Porter's Five Forces Framework



Porter's Five Forces is a business analysis model that helps to explain why various industries are able to sustain different levels of profitability. The model was published in Michael E. Porter's book, "Competitive Strategy: Techniques for Analyzing Industries and Competitors" in 1980.

The Five Forces model is widely used to analyze the industry structure of a company as well as its corporate strategy. Porter identified five undeniable forces that play a part in shaping every market and industry in the world, with some caveats. The five forces are frequently used to measure competition intensity, attractiveness, and profitability of an industry or market.

## Rivalry Among Existing Firms

The field of the company is limited to investing in educational activities by owning The University of Petra, and there is no competitive status for the company, because it is educational and not commercial, and the competitive status is linked to the results of the university with other universities.

### Degree of Concentration

Company	MKT Cap (2019)	Mkt Cap (%)
AL-ZAQRA UN	19470000	7.52%
ARAB	98415000	38.00%
ISRA	44250000	17.09%
PETRA	73600000	28.42%
PHILADELPHIA	23250000	8.98%
total	258985000	100.00%
		<b>Concentrated</b>
		<b>price coordination</b>

Based on the table above that represent the market capitalization for all companies in the education industry we can see that percentages are divergent and this means that the educational industry is concentrated by The Arab International For Education & Investment by having the highest market capitalization compared to other companies which is 38% . This sort of competitiveness is price coordination.



## Industry Growth Rate

Firm	2017	2018	2019	growth 1	growth 2	Average Growth
Petra UN	26,029,951	27,186,623	26,928,832	4.44%	-0.95%	1.75%
Al-Zarqa UN	20,275,072	20,801,206	20,270,609	2.59%	-2.55%	0.02%
The Arab UN	25,087,072	22,131,286	20,727,290	-11.78%	-6.34%	-9.06%
Al-Isra UN	17,194,399	18,430,947	16,460,335	7.19%	-10.69%	-1.75%
Philadelphia UN	19,919,237	17,352,088	14,610,519	-12.89%	-15.80%	-14.34%
						<b>Avg.Growth(industry)</b>
						-4.68%

Based on the table above by comparing the industry average growth rate (-4.68%) with PEDC's sales growth rate (1.75%) it can be concluded that PEDC has a higher growth rate implying a faster growth rate than the industry average.

## Degree of Differentiation

### **The most important things that distinguishes The University of Petra from other universities:**

- The first Jordanian university to obtain a quality assurance certificate from the Jordanian Higher Education Institutions Accreditation Commission.
- It holds the American accreditation in the two majors of Computer Information Systems and Computer Science (ABET).
- It holds British accreditation for the English Language and Literature major and at the university level (ASIC).
- Obtains American accreditation in pharmacy (ACPE).
- Received the El Hassan Award for Academic Excellence.
- It holds a German-European accreditation in chemistry (ASIIN).

By comparing The University Of Petra with other universities in the education industry we found that it has the largest number of students, we think that because it has good majors with suitable credit fees and some majors are available in both Arabic and English languages in addition it has the lowest registration fees.

## **Switching Cost**

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The switching cost for a student moved from The University of Petra to another university depends on these factors: First, Transportation Second, the major credit hours of the study plan Third, tuition fees.

Transportation, if the university the student wants to go to is in the same place where The University of Petra is or it is closer to the student home, then there will not be a switching cost, but if it is not in the same place and farther, then there will be switching cost.

The major credit hours of the study plan for all the universities in the industry: No more than 50% of the major credit hours of the study plan may be equalized. (There is a switching cost)

Tuition fees , The University Of Petra as we mentioned previously has a little more expensive fees compared to other universities so there will not be a switching cost , but in terms of services that The University Of Petra provides there will be a switching cost.

## Excess Capacity



Excess capacity is a condition that occurs when demand for a product is less than the amount of product that a business could potentially supply to the market.

In The University Of Petra:

Total capacity: 8024

Total number of students: 7305

Total number of faculty members: 293

Based on this information we can say that the university has excess capacity because it can accommodate 8024 students, but the current number of students is 7305.



## Threat of New Entrants

The legal barriers in Jordan's higher education sector are strong because the Government, Ministry Of Higher Education, and Scientific Research issued decisions make it difficult for new entrants.

There is no governmental protection or privileges for all universities in the industry we are studying and there are no patents or franchises obtained by all of them.

## Threat of Substitutes

To determine and detect whether our university has a significant threat of substitutes, we need to analyze the following aspects:

- Price
- Quality

First, in terms of price it is known that substitutes exist when the price is similar or lower. In the industry we are studying all universities are substitutes for the University of Petra except Applied Science University, because it has more expensive major's credit fees.

Second, in terms of quality, substitutes exist when it is as good or better. Applied Science University is a substitute for our university because it has more majors available in both English and Arabic languages.

In general students (buyers) care the most about the price and as we mentioned previously University of Petra has a good quality with medium credit fees this make it a pool for a large number of students.

Threat of substitutes in Jordan's higher education sector is high because there are many universities that provide services with the same prices and qualities. This make the competition increases.

## Bargaining Power of Buyers

The presence of powerful buyers reduces the profit potential in an industry. Buyers increase competition within an industry by forcing down prices, bargaining for improved quality or more services, and playing competitors against each other. The result is diminished industry profitability.

In the industry we are studying students are the buyers and the firms (universities) are the suppliers. For the University of Petra, the bargaining power of buyers is not high because it has good quality and its registration fees are already the lowest between the universities so in this case, the price sensitivity will be low.

## Bargaining Power of Suppliers

Power of suppliers addresses how easily suppliers can drive up the cost of inputs. It is affected by the number of suppliers of key inputs of a good or service, how unique these inputs are, and how much it would cost a company to switch to another supplier.

In the education industry the suppliers are the faculty members and the companies that supply the university with raw materials and equipment. Almost all the universities buy their raw material from numerous suppliers. For the University of Petra there is no dependence on specific suppliers.

Power of suppliers is not high because the number of suppliers is large.

# FINANCIAL ANALYSIS

## Time-Series Analysis

### (Actual Size Balance Sheet)

Assets (JD)	2016	2017	2018	2019
Cash on Hand &at Banks	8,460,852	5,508,849	3,961,397	4,236,302
Account Receivables, Net	3,411,151	3,944,250	3,806,211	4,513,416
Notes Receivable	0	0	0	0
Post Dated Cheques	667,332	617,277	596,768	599,169
Short Term Investments	1,500,000	1,500,000	1,500,000	1,500,000
Inventory	88,406	214,062	219,370	154,730
Spare Parts	0	0	0	0
Total Current Assets	14,880,239	12,608,313	11,239,628	12,091,287
Long Term Investments	0	0	0	0
Fixed Assets, Net	30,107,305	23,063,897	27,371,901	30,721,517
Lands	0	8,292,832	8,292,832	8,292,832
Projects in Progress	1,816,353	4,335,243	3,087,656	658,102
Total Fixed Assets	31,923,658	35,691,972	38,752,389	39,672,451
Other Assets	0	0	0	0
Total Assets	46,803,897	48,300,285	49,992,017	51,763,738

Liabilities (JD)	2016	2017	2018	2019
Accounts and Notes Payable	3,004,964	2,586,661	2,986,612	2,958,219
Credit Banks	0	0	0	0
Short Term Loans	0	0	0	0
Accrued Part of Long Term Loans	0	0	0	0
Total Current Liabilities	11,967,444	12,010,896	11,974,484	11,390,440
Notes Payable & Long Term Loans	0	0	0	0
Corporate Bonds	0	0	0	0
Other Liabilities	0	0	295,500	59,100
Total Liabilities	11,967,444	12,010,896	12,269,984	11,449,540



Shareholders' Equity (JD)	2016	2017	2018	2019
Authorized Capital	16,000,000	16,000,000	16,000,000	16,000,000
Subscribed Capital	16,000,000	16,000,000	16,000,000	16,000,000
Paid-in Capital	16,000,000	16,000,000	16,000,000	16,000,000
Compulsory Reserves	4,000,000	4,000,000	4,000,000	4,000,000
Voluntary Reserve	0	0	0	0
Other Reserves	0	0	0	0
Purchase of Non-controlling interest differences		0	0	0
Issuance Premium	0	0	0	0
Issuance Discount	0	0	0	0
Treasury Stocks	0	0	0	0
Cash Dividends	5,600,000	5,600,000	4,000,000	2,400,000
Stock Dividends	0	0	0	0
Accumulated Change in Fair Value	0	0	0	0
Retained Earnings	9,236,453	10,689,389	13,722,033	17,914,198
Total Shareholders' Equity	34,836,453	36,289,389	37,722,033	40,314,198
Non-controlling Interest	0	0	0	0
Shareholders' & Total Liabilities Equity	46,803,897	48,300,285	49,992,017	51,763,738

### (Common Size Balance Sheet)

Assets (JD)	2016	2017	2018	2019
Cash on Hand & at Banks	18.08%	11.41%	7.92%	8.18%
Account Receivables, Net	7.29%	8.17%	7.61%	8.72%
Notes Receivable	0.00%	0.00%	0.00%	0.00%
Post Dated Cheques	1.43%	1.28%	1.19%	1.16%
Short Term Investments	3.20%	3.11%	3.00%	2.90%
Inventory	0.19%	0.44%	0.44%	0.30%
Spare Parts	0.00%	0.00%	0.00%	0.00%
Total Current Assets	31.79%	26.10%	22.48%	23.36%
Long Term Investments	0.00%	0.00%	0.00%	0.00%
Fixed Assets, Net	64.33%	47.75%	54.75%	59.35%
Lands	0.00%	17.17%	16.59%	16.02%
Projects in Progress	3.88%	8.98%	6.18%	1.27%
Total Fixed Assets	68.21%	73.90%	77.52%	76.64%
Other Assets	0.00%	0.00%	0.00%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%

Liabilities (JD)	2016	2017	2018	2019
Accounts and Notes Payable	6.42%	5.36%	5.97%	5.71%
Credit Banks	0.00%	0.00%	0.00%	0.00%
Short Term Loans	0.00%	0.00%	0.00%	0.00%
Accrued Part of Long Term Loans	0.00%	0.00%	0.00%	0.00%
Total Current Liabilities	25.57%	24.87%	23.95%	22.00%
Long Term Loans & Notes Payable	0.00%	0.00%	0.00%	0.00%
Corporate Bonds	0.00%	0.00%	0.00%	0.00%
Other Liabilities	0.00%	0.00%	0.59%	0.11%
Total Liabilities	25.57%	24.87%	24.54%	22.12%

Shareholders' Equity (JD)	2016	2017	2018	2019
Authorized Capital	34.19%	33.13%	32.01%	30.91%
Subscribed Capital	34.19%	33.13%	32.01%	30.91%
Paid-in Capital	34.19%	33.13%	32.01%	30.91%
Compulsory Reserves	8.55%	8.28%	8.00%	7.73%
Voluntary Reserve	0.00%	0.00%	0.00%	0.00%
Other Reserves	0.00%	0.00%	0.00%	0.00%
Purchase of Non-controlling interest differences	0.00%	0.00%	0.00%	0.00%
Issuance Premium	0.00%	0.00%	0.00%	0.00%
Issuance Discount	0.00%	0.00%	0.00%	0.00%
Treasury Stocks	0.00%	0.00%	0.00%	0.00%
Cash Dividends	11.96%	11.59%	8.00%	4.64%
Stock Dividends	0.00%	0.00%	0.00%	0.00%
Accumulated Change in Fair Value	0.00%	0.00%	0.00%	0.00%
Retained Earnings	19.73%	22.13%	27.45%	34.61%
Total Shareholders' Equity	74.43%	75.13%	75.46%	77.88%
Non-controlling Interest	0.00%	0.00%	0.00%	0.00%
Total Liabilities & Shareholders' Equity	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### (Actual Size Income Statement)

Income Statement (JD)	2016	2017	2018	2019
Operating Revenues	25,870,814	26,029,951	27,186,623	26,928,832
Operating Expenses	12,445,430	12,733,476	13,331,497	13,230,067
Gross Profit	13,425,384	13,296,475	13,855,126	13,698,765
General and Administrative Expenses	3,547,163	3,619,643	3,857,362	3,954,974
Selling and Distribution Expenses	0	0	0	0
Depreciation (period)	1,494,506	1,563,171	1,670,512	1,941,432
Other Operating Expenses	1,494,506	1,563,171	1,670,512	1,941,432
Net Operating Income	8,383,715	8,113,661	8,327,252	7,802,359
Other Revenues	665,906	786,275	752,392	704,323
Other Expenses	0	0	100,000	0
Tax & Income Before Interest	9,049,621	8,899,936	8,979,644	8,506,682
Interest Expenses	0	0	0	0
Net Income before Tax	9,049,621	8,899,936	8,979,644	8,506,682
Income Tax (Period)	1,822,000	1,792,000	1,892,000	1,859,517
Income Tax ( Previous Years)	0	0	0	0
Universities and Research Train Fees	0	0	0	0
Board of Directors Remuneration	55,000	55,000	55,000	55,000
Net Income	7,172,621	7,052,936	7,032,644	6,592,165
Non-controlling Interest	0	0	0	0
Net Income Pertains to Shareholders	7,172,621	7,052,936	7,032,644	6,592,165

### (Common Size Income Statement)

Income Statement (JD)	2016	2017	2018	2019
Operating Revenues	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Operating Expenses	48.11%	48.92%	49.04%	49.13%
Gross Profit	51.89%	51.08%	50.96%	50.87%
General and Administrative Expenses	13.71%	13.91%	14.19%	14.69%
Selling and Distribution Expenses	0.00%	0.00%	0.00%	0.00%
Depreciation (period)	5.78%	6.01%	6.14%	7.21%
Other Operating Expenses	5.78%	6.01%	6.14%	7.21%
Net Operating Income	32.41%	31.17%	30.63%	28.97%
Other Revenues	2.57%	3.02%	2.77%	2.62%
Other Expenses	0.00%	0.00%	0.37%	0.00%
Income Before Interest & Tax	34.98%	34.19%	33.03%	31.59%
Interest Expenses	0.00%	0.00%	0.00%	0.00%
Net Income before Tax	34.98%	34.19%	33.03%	31.59%
Income Tax (Period)	7.04%	6.88%	6.96%	6.91%
Income Tax ( Previous Years)	0.00%	0.00%	0.00%	0.00%
Universities and Research Train Fees	0.00%	0.00%	0.00%	0.00%
Board of Directors Remuneration	0.21%	0.21%	0.20%	0.20%
Net Income	27.72%	27.10%	25.87%	24.48%
Non-controlling Interest	0.00%	0.00%	0.00%	0.00%
Net Income Pertains to Shareholders	27.72%	27.10%	25.87%	24.48%

## Financial Ratios

RATIO	2016	COMMENT	2017	COMMENT	2018	COMMENT	2019
ROE	0.21	Decrease	0.19	Equal	0.19	Decrease	0.16
ROA	0.15	Equal	0.15	Decrease	0.14	Decrease	0.13
NPM	0.28	Decrease	0.27	Decrease	0.26	Decrease	0.24
ATO	0.55	Decrease	0.54	Equal	0.54	Decrease	0.52
EM	1.34	Decrease	1.33	Equal	1.33	Decrease	1.28
CR	1.24	Decrease	1.05	Decrease	0.94	Increase	1.06
QR	1.24	Decrease	1.03	Decrease	0.92	Increase	1.05
DA	0.26	Decrease	0.25	Equal	0.25	Decrease	0.22
DE	0.34	Decrease	0.33	Equal	0.33	Decrease	0.28
ART	7.58	Decrease	6.60	Increase	7.14	Decrease	5.97
ACP	48.13	Increase	55.31	Decrease	51.10	Increase	61.18
DPO	0.78	Increase	0.79	Decrease	0.57	Decrease	0.36

### Financial Ratios Explanations for The Year 2019

<b>ROE</b>	For each 1JD of total shareholders' equity, PEDC has generated 0.16JD in net income.
<b>ROA</b>	For each 1JD of total assets, PEDC has generated 0.13JD in net income.
<b>NPM</b>	For each 1JD of sales, PEDC has generated 0.24JD in net income.
<b>ATO</b>	For each 1JD of total assets, PEDC has generated 0.52 JD in sales.
<b>EM</b>	0.78 of assets have been financed by equity.
<b>CR</b>	For each 1JD of short term liability, PEDC has 1.06JD in current assets.
<b>QR</b>	For each 1JD of short term liability, PEDC has 1.05JD in current assets excluding inventory.
<b>DA</b>	For each 1JD of total assets, PEDC also used 0.22 JD in debt.
<b>DE</b>	For each 1JD of total shareholders' equity, PEDC also used 0.28 JD in debt.
<b>ART</b>	PEDC collected its account receivable 6 times during 2019.
<b>ACP</b>	On average PEDC collected its account receivable every 61 days during 2019.
<b>DPO</b>	For each 1JD of net income, PEDC paid 0.36JD to shareholders.

## Cross Sectional Analysis

	PEDC	PIEC		PEDC	PIEC		PEDC	PIEC		PEDC	PIEC	
RATIO	2016		C	2017		C	2018		C	2019		C
ROE	0.21	0.20	B	0.19	0.19	E	0.19	0.12	B	0.16	0.08	B
ROA	0.15	0.14	B	0.15	0.14	B	0.14	0.08	B	0.13	0.06	B
NPM	0.28	0.22	B	0.27	0.22	B	0.26	0.15	B	0.24	0.12	W
ATO	0.55	0.66	W	0.54	0.65	W	0.54	0.56	W	0.52	0.48	B
EM	1.34	1.39	W	1.33	1.34	W	1.33	1.44	W	1.28	1.48	W
CR	1.24	0.77	B	1.05	0.68	B	0.94	0.33	B	1.06	0.27	B
QR	1.24	0.77	B	1.03	0.68	B	0.92	0.33	B	1.05	0.27	B
DA	0.26	0.28	B	0.25	0.25	E	0.25	0.31	B	0.22	0.32	B
DE	0.34	0.39	B	0.33	0.34	B	0.33	0.44	B	0.28	0.48	B
ART	7.58	15.43	W	6.60	11.90	W	7.14	10.71	W	5.97	8.94	W
ACP	48.13	23.65	B	55.31	30.68	B	51.10	34.07	B	61.18	40.82	B
DPO	0.78	1.02	W	0.79	0.97	W	0.57	1.03	W	0.36	0.60	W

# Forecasting

## Future Plans & Developments

### خامس عشر - التطورات المستقبلية المهمة، والخطة المستقبلية للشركة:

- الاستمرار في دعم الجامعة وإدارتها، مع المحافظة على حقوق المساهمين والتزامات الشركة تجاه الآخرين.
- إنشاء مبنى مركز اللغات الحديثة
- استكمال المرحلة الثانية من توسعة مشروع نظام الطاقة الشمسية لتوليد الطاقة الكهربائية بقدرة (1,5) ميغاواط باستخدام الخلايا الكهروضوئية.
- الاستمرار في تطوير وتحسين الموقع العام للجامعة وصيانة الحدائق.
- استكمال الصيانة العامة لمباني الجامعة وتحديث بعض الحافلات الخاصة بنقل الطلبة.
- الصيانة العامة لجميع مباني الجامعة / الوحدات الصحية والتدفئة والتكييف والكهرباء.
- المحافظة على المركز المالي الحالي للشركة.

Balance Sheet (Assets)	2019	2020 (F1)	2021 (F2)	2022 (F3)
Cash on Hand & at Banks	4,236,302	4,310,437	4,385,870	4,616,128
Account Receivables, Net	4,513,416	4,592,401	4,672,768	4,918,088
Notes Receivable	0	0	0	0
Post Dated Cheques	599,169	609,654	620,323	652,890
Short Term Investments	1,500,000	1,500,000	1,500,000	1,500,000
Inventory	154,730	157,438	160,193	168,603
Spare Parts	0	0	0	0
Total Current Assets	12,091,287	12,302,885	12,518,185	13,175,390
Long Term Investments	0	0	0	0
Fixed Assets, Net	30,721,517	31,259,144	31,806,179	33,476,003
Lands	8,292,832	8,437,957	8,585,621	9,036,366
Projects in Progress	658,102	669,619	681,337	717,107
Total Fixed Assets	39,672,451	40,366,719	41,073,136	43,229,476
Other Assets	0	0	0	0
Total Assets	51,763,738	52,669,603	53,591,321	56,404,866



## Liabilities & Owners Equity

Balance Sheet (Liabilities)	2019	2020 (F1)	2021 (F2)	2022 (F3)
Accounts and Notes Payable	2,958,219	3,009,988	3,062,663	3,223,452
Credit Banks	0	0	0	0
Short Term Loans	0	0	0	0
Accrued Part of Long Term Loans	0	0	0	0
Total Current Liabilities	11,390,440	11,589,773	11,792,594	12,411,705
Long Term Loans & Notes Payable	0	0	0	0
Corporate Bonds	0	0	0	0
Other Liabilities	59,100	60,134	61,187	64,399
Total Liabilities	11,449,540	11,649,907	11,853,780	12,476,104

Balance Sheet (Equity)	2019	2020 (F1)	2021 (F2)	2022 (F3)
Authorized Capital	16,000,000	16,000,000	16,000,000	16,000,000
Subscribed Capital	16,000,000	16,000,000	16,000,000	16,000,000
Paid-in Capital	16,000,000	16,000,000	16,000,000	16,000,000
Compulsory Reserves	4,000,000	4,070,000	4,141,225	4,358,639
Voluntary Reserve	0	0	0	0
Other Reserves	0	0	0	0
Issuance Premium	0	0	0	0
Issuance Discount	0	0	0	0
Treasury Stocks	0	0	0	0
Cash Dividends	2,400,000	2,400,000	2,400,000	2,400,000
Stock Dividends	0	0	0	0
Accumulated Change in Fair Value	0	0	0	0
Retained Earnings	17,914,198	22,222,688	26,649,540	31,437,689
Total Shareholders Equity	40,314,198	41,019,696	41,737,541	43,928,762
Non-controlling Interest	0	0	1	2
Total Liabilities & Shareholders Equity	51,763,738	52,669,603	53,591,321	56,404,866

Income Statement	2019	2020 (F1)	2021 (F2)	2022 (F3)
Operating Revenues	26,928,832	27,400,087	27,879,588	29,343,266
Operating Expenses	13,230,067	13,461,593	13,697,171	14,416,273
Gross Profit	13,698,765	13,938,493	14,182,417	14,926,994
General and Administrative Expenses	3,954,974	4,024,186	4,094,609	4,309,576
Selling and Distribution Expenses	0	0	0	0
Depreciation (period)	1,941,432	1,975,407	2,009,977	2,115,500
Other Operating Expenses	1,941,432	1,975,407	2,009,977	2,115,500
Net Operating Income	7,802,359	7,938,900	8,077,831	8,501,917
Other Revenues	704,323	716,649	729,190	767,472
Other Expenses	0	0	0	0
Income Before Interest & Tax	8,506,682	8,655,549	8,807,021	9,269,390
Interest Expenses	0	0	0	0
Net Income before Tax	8,506,682	8,655,549	8,807,021	9,269,390
Income Tax (Period)	1,859,517	1,892,059	1,925,170	2,026,241
Income Tax (Previous Years)	0	0	0	0
Universities and Research Train Fees	0	0	0	0
Board of Directors Remuneration	55,000	55,000	55,000	55,000
Net Income	6,592,165	6,708,490	6,826,851	7,188,149
Non-controlling Interest	0	0	0	0
Net Income Pertains to Shareholders	6,592,165	6,708,490	6,826,851	7,188,149

## **ASSUMPTIONS**

Year	2020	2021	2022
<b>Growth Rate</b>	<b>1.75%</b>	<b>1.75%</b>	<b>5.25%</b>
<b>Forecasting</b>	101.75%	101.75%	105.25%
<b>Tax (%)</b>	22%	22%	22%
<b>Retained Earnings</b>	4,308,490	4,426,851	4,788,149
<b>AFN</b>	0	0	0

## Justification

**First growth rate**, the outbreak of the new Coronavirus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which would negatively affect the financial position of the Company, the results of its operations, and its cash flows. And given that the situation is changing and rapidly developing, so we can't determine the likely impact of this outbreak on the Company's financial statements, and the company didn't know that coronavirus will come, that's why we will put the growth rate without any changes (1.75%).

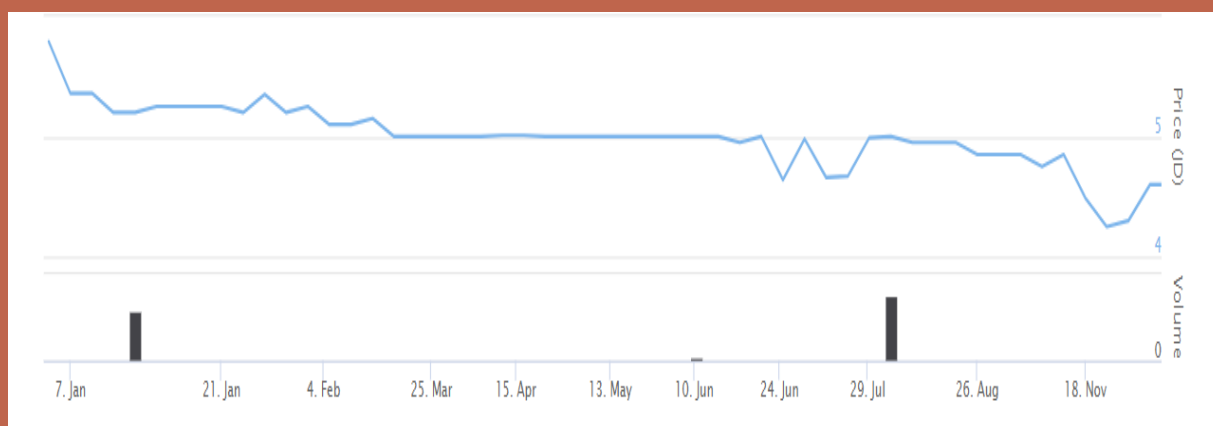
**Second growth rate**, after studying the company in general, knowing the history of it and reviewing the future plans for it, we assumed that the growth rate will remain (1.75%) because the company will make general maintenance to all university buildings and will be working on projects these things will cost the company and will not make its growth rate increases. Also, The reason why the growth rate will not decrease is (maintaining the current financial position for the company) this means that the company will make this maintenance based on its financial capacity and will not borrow to do it.

**Third growth rate**, we assumed that the growth rate will increase significantly because we assumed that the company will finish its planned projects in 2022 these projects are (Construction of the Modern Language Center building) and (Expansion of the electric power system project) the first one it is just a center, so it will not take much time to build it that the reason why we assumed it will be finished in 2022 this building will increase the number of students that will lead to increase revenues, the second project will reduce the company's electricity bills (expenses). The growth rate (5.25%).

# Stock Valuation

## Beta Calculation

Date	Market Return	PEDC(Price)	PEDC(Return)	BETA
Jan-19	NA	5.25	NA	-0.229
Feb-19	0.022	5.10	-0.029	-0.229
Mar-19	0.036	5.00	-0.020	
Apr-19	0.015	5.00	0.000	
May-19	-0.012	5.00	0.000	
Jun-19	0.028	4.98	-0.004	
Jul-19	-0.032	5.00	0.004	
Aug-19	0.015	4.85	-0.030	
Sep-19	0.022	4.85	0.000	
Oct-19	-0.018	4.85	0.000	
Nov-19	0.012	4.49	-0.074	
Dec-19	0.024	4.60	0.024	



## Required Rate of Return Calculation

**Beta  $\beta$**



**-0.229**

**Risk Free Rate**



**2.35%**

**Market Risk  
Premium**



**9.10%**

$$K = RF + \beta (\text{MRP})$$



**Required Rate  
Of Return**



**0.27%**

Dividends (fixed) → 2,400,000

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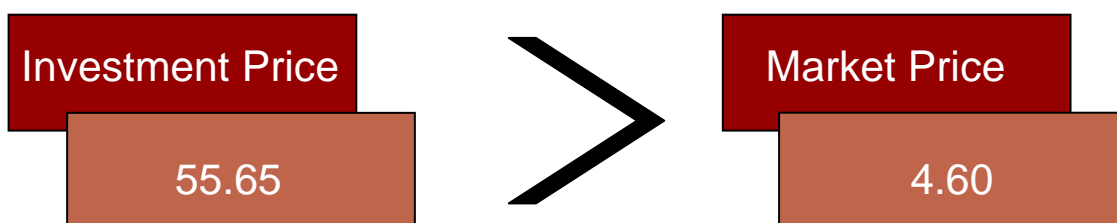
Listed Shares → 16,000,000



DPS → 0.15

$$\text{VALUE OF STOCK} = \frac{D}{K} = \frac{0.15}{0.27\%} = \boxed{55.65}$$

By comparing Investment Price with Market Price:



The conclusion: PEDC shares are **undervalued**.

Recommendation: recommendation to **buy**.





## **Dr.Ghaith AL-Nader**

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Zaid Shaqadan	2019865002
Lara Awashreh	2018865029
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