

CHAPTER - 4

RETURN ON CAPITAL EMPLOYED AND VALUE ADDED ANALYSIS

CAPITAL EMPLOYED

The success of a company can be measured in terms of the profit related to capital employed. The return on capital employed is used as a measure for the efficiency of the company or the profitability of any business as a whole. I.M. Pandey defines capital employed as non-current liabilities plus owners' equity. Thus it represents the permanent capital or long-run funds entrusted to the firm by creditors and owners. In an equivalent way, the term capital employed can be defined as working capital (net working assets) plus non-current assets¹. There is controversy among accountants over items to be included in capital employed and the items to be excluded. Brown and Howard define capital employed in two ways, gross capital employed usually comprises of the total assets of the business, while net capital employed consists of total assets less current liabilities².

In England Monopolies Commission defines the capital employed as total capital comprising of the net fixed assets plus current assets (except goodwill) less current liabilities and provisions. R.T. Bowman in his work, "Statistical Study of Profit" defines total capital as net worth plus bonded and long term debt less intangible assets. This will be equal to net fixed assets plus inventories plus current assets less current liabilities.

1. Ibid, 1979, P.517

2. Brown J.L. and Howard L.R., Managerial Accounting and Finance, Macdonald and Evans Ltd., London, 1982, P.679.

A. Singh and Whittington define capital employed as Net worth plus bonded and long term loan which is equal to net fixed assets plus current assets less current liabilities³. G.J. Stigler defines capital employed as it includes all assets in his definition of capital except outside investment⁴. ESRF defines capital employed as net assets comprising of net fixed assets, investment plus current assets less current liabilities⁵. ICICI defines total capital employed as total share capital plus reserves and surplus and all borrowings i.e. total net assets of the company⁶.

Problems in Defining Capital Employed

While defining capital employed we come across with four problems such as problem of outside investment, problem of intangible assets, problem of gross and net working assets and problem of cash and bank balance.

1. Problem of Outside Investment :

The standard measurement of efficiency of a company requires us to exclude the investment which is made outside the business from total capital employed. The income which occurs from this investment is treated as non-operating income. Some accountants include the income from outside investment in the total income.

3. Ibid, 1970, P.25

4. Ibid, P.124

5. Ibid, P.28

6. Industrial Credit and Investment Corporation of India Ltd. Financial Performance of Companies, Portfolio, 1975-76, ICICI August, 1977, P.204.

The argument given by them is that the income from these investments is a very small amount and the inclusion of income from outside investment will not change the result significantly. In spite of the fact that outside investment does not have any relation with operating business, yet the practice is to include the income from outside investment in the total income. Since the income from outside investment is not related to the business operation, for our purpose of computing the profitability, we will exclude them from the total capital employed. But in case of investment in subsidiary company which has been made in the interest of the company, it should be included.

2. Problem of intangible assets :

The intangible assets are not to be included in computation of capital employed because those assets are required to be written off. The fictitious assets which consist of items like preliminary expenses should be excluded also.

3. Gross or Net Working Assets :

The two problems of inclusion of outside investment and intangible assets are not significant because their proportion in the total capital employed is very small. The real problem in the definition of capital employed is the consideration of current assets in the definition. Gross assets are equal to the total current assets in the industry. Net working assets represent the net difference between current assets and current liabilities. The profitability of the industry can be judged by the net working assets, while analysing the efficiency of the industries' earning power over a period of time, the measurement of net

working assets plus fixed assets are better than current assets. For the purposes of our analyses, gross and net working assets are to be considered. The non-operating assets such as idle assets which do not make any contribution to the profitability of the company should not be included for the purpose of capital employed because return on capital employed is a test of efficiency and idle assets are non-operating assets.

4. Problem of Cash and Bank Balance :

There is a controversy between the accountants whether or not to include cash and bank balances and outside investment in capital employed, they argue that bank and cash balances should be excluded from capital employed because cash and bank balances can not be treated as they are employed in business. Cash and bank balance remain idle in the business. But we will include cash and bank balance for computation of profitability because they are used for meeting day to day expenditure of the business and is used as current transaction in the business.

Definition of Capital Employed in This Study

After considering the above mentioned problems of capital employed, we can conclude that there is no consensus in the definition of capital employed. Capital employed means the capital invested in the business. The investment in business means different things to different accountants. The accountant may include one item in computation of capital employed while the other may exclude it. After studying these problems we can conclude our study for definition of capital employed by considering these three definitions.

1. Gross Capital Employed :

Gross capital employed can be defined as the total of fixed and current assets. Net value of assets or written down value are taken into consideration while computing capital employed.

2. Net Capital Employed :

Net capital employed can be defined as the total of fixed assets plus net working capital or is equal to fixed assets plus current assets minus current liabilities or is equal to gross capital employed minus current assets.

3. Shareholders Equity or Net Worth :

The shareholders of the company or net worth means the total of equity share capital plus preference share capital, share premium, reserves and surplus minus accumulated losses if any.

Return on Gross Capital Employed

Gross capital employed consist of total fixed assets and current assets. The ratio has been calculated as follows :

$$\text{Return on Gross Capital Employed} = \frac{\text{Net Profit Before Taxes}}{\text{Gross Capital Employed}} \times 100$$

The higher the ratio the better the position. It indicates the efficiency of the management in the use of funds by the company. The lower the ratio, the less efficient is the use of capital by the management.

Table 4.3 reveals that the return on gross capital employed for the Arab Pharmaceutical Manufacturing Co. Ltd. shows a fluctuating trend from 1975 to 1984. and a decreasing trend in 1984 and 1985 as against 1983. The return on gross capital employed on an average has been 18.04 per cent. The Jordan

Table : 4.1
Net Profit Before Taxes of the Studied Companies from 1975 to 1985

Sr.No.	Name of the Company	Years										
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
(Amount in JDs)												
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	936523	678411	934902	1006779	1181049	1020518	1416563	1559808	1493648	1691934	1853492
2.	Jordan Petroleum Refinery Co.Ltd.	2834696	3140020	31855510	4602996	8919589	8065987	8908995	7891586	7566955	4077153	5197794
3.	Jordan Phosphate Mines Co.Ltd.	1971563	3261119	4015953	3951697	5860515	12352815	10204606	5180287	8209555	12007588	16519240
4.	Industrial Commercial and Agricultural Co.Ltd	194630	732391	364185	340419	365677	557832	978272	948870	828169	179434	-15434440
5.	Jordan Pipes Manufacturing Co.Ltd	-	-	-	-(32112)	167299	232712	220564	218489	209988	201653	583349
6.	Arab Potas Co.Ltd	-	-	-	-	-	-	-	-	-(1384020)	-(1410534)	-16525293
7.	Jordan Spinning and Weaving Co.Ltd.	-	-	-	-(268416)	-(587930)	-(1236961)	-(193025)	-(470622)	176389	176389	403096
8.	Jordan Cement Factories Co.Ltd.	2379000	1257613	1609549	2293551	3271907	3179661	3271907	3350318	5472273	5472273	-(623116)
	Total	8316432	8689554	10110999	11894824	18978106	24173364	24809847	18678736	6113770	6113770	16866712

Source : From the annual reports of studied companies.

Table : 4.2
Gross Capital Employed of the Studied Companies from 1975 to 1985

(Amount in JDs)												
Sr.No.	Name of the Company	Years										
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	2312484	4037928	4769593	5219796	6070111	6045788	7330578	13120121	84312931	18967403	22553599
2.	Jordan Petroleum Refinery Co.Ltd.	14536550	30810848	30262183	34054523	398666924	50155977	94997757	116242257	26742024	38665131	476631279
3.	Jordan Phosphate Mines Co.Ltd.	25017244	31174225	36607227	42986133	52480371	66170999	71647023	69922885	70425157	73362089	82021496
4.	Industrial Commercial and Agricultural Co.Ltd	1983542	2937205	3461740	2940763	4393151	5331201	8613575	9118409	9276553	9056627	8685878
5.	Jordan Pipes Manufacturing Co.Ltd	1231493	2152084	3170632	3122665	3118383	3232877	3464667	4187196	4176425	3646361	4041425
6.	Arab Potas Co.Ltd	1051932	1117237	936870	7012915	30218635	46981535	27696187	124185333	127558248	122070375	129505569
7.	Jordan Spinning and Weaving Co.Ltd.	1766097	2231505	2796313	2945007	2578329	2601956	2981988	4712716	4705668	5149496	4991061
8.	Jordan Cement Factories Co.Ltd.	6142145	18586019	13475494	11353725	12546904	44370334	52107244	78771096	94933201	104285565	209836635
	Total	54041397	93047051	95480052	99015437	151272708	2248897582	882401942024001	344844856647522344761	112949331		

Sources : From table 3.23 and table 3.25

Table : 4.3

Return on Gross Capital Employed

Sr.No.	Name of the Company	Years											Average
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	40.49	16.80	19.60	19.28	19.42	16.87	19.35	11.88	17.67	8.91	8.21	18.04
2.	Jordan Petroleum Refinery Co.Ltd.	19.50	10.19	10.52	13.51	21.87	16.08	9.37	6.78	2.77	2.93	3.47	10.62
3.	Jordan Phosphate Mines Co.Ltd.	7.88	10.46	10.97	9.19	11.16	18.66	14.24	7.40	11.62	16.36	20.14	12.55
4.	Industrial Commercial and Agricultural Co.Ltd	9.81	11.99	10.52	11.57	8.32	10.46	11.35	10.40	8.92	1.98	-(6.25)	9.09
5.	Jordan Pipes Manufacturing Co.Ltd	-	-	-	-(1.02)	5.36	7.19	6.36	5.21	5.02	8.27	14.47	6.35
6.	Arab Fotas Co.Ltd.	-	-	-	-	-	-	-	-	-(10.85)	-(11.55)	-(5.07)	-(9.14)
7.	Jordan Spinning and Weaving Co.Ltd.	-	-	-	-(10.55)	-(22.80)	-(47.53)	-(6.47)	-(9.98)	3.74	1.90	8.07	-(10.45)
8.	Jordan Cement Factories Co.Ltd.	38.73	6.76	11.94	20.20	26.07	7.16	6.27	4.25	5.76	8.76	8.46	-(0.29)
	Consolidated total of the eight companies	16.65	9.92	11.41	12.92	156.67	13.50	10.28	6.30	1.36	2.75	2.75	9.41

Sources : Computed from table 4.1 and table 4.2

Petroleum Refinery Co. Ltd. shows a fluctuating trend from 1975 to 1980, a decreasing trend from 1980 to 1983 as against 1979 and increased in 1984 and 1985 as against 1983. On an average it has been 10.63 per cent. The Jordan Phosphate Mines Co. Ltd. shows an increasing trend in 1976 and 1977 as against 1975, a fluctuating trend from 1976 to 1979, increased in 1980 and 1981 as against 1979, decreased in 1982 as against 1981 and shows an increasing trend in the remaining period under study. It has been 12.55 per cent on an average. The Industrail Commercial and Agricultural Co. Ltd. shows a fluctuating trend from 1975 to 1980, an increasing trend in 1980 and 1981 as against 1979 and shows a decreasing tend in the rest of the years under study. On an average, it has been 8.09 per cent. The Jordan Pipes Manufacturing Co. Ltd. shows a negative sign in 1978, an increasing trend in 1979 and 1980 as aginst 1978, a decreasing trend from 1981 ato 1983 as against 1980 and an increasing trend in 1984 and 1985 as against 1983. It has been 6.35 per cent on an agerage. The Arab Potash Co. Ltd. shows a negative sign from 1983 to 1985. The Jordan Spinning and Weaving Co. Ltd. shows a negative sign from 1978 to 1982 and shows a fluctuating trend from 1983 to 1985. On an average it has been (-)10.45 per cent. The Jordan Cement Factories Co. Ltd. shows a decrease in 1976 as against 1975, an increasing trend from 1977 to 1979, again a decreasing trend from 1980 to 1982 as against 1979, an increasing trend in 1983 and 1984 as against 1982 and shows a negative sign in 1985.

The consolidated total of the return on gross capital employed of the eight companies shows a decrease in 1976 as

against 1975, an increasing trend from 1977 to 1979 as against 1976, again shows a decreasing trend from 1980 to 1983 as against 1979 and an increase in 1984 and 1985 as against 1983. It ranged from 1.36 per cent in 1983 to 16.63 per cent in 1975.

Brown and Howard in their book "Principles and Practice of Management Accountancy" suggest that the satisfactory rate of return on gross capital employed is 17.00 per cent.

Return on Net Capital Employed

Net capital employed consists of total fixed assets plus current assets minus current liabilities. Return on net capital employed has been calculated as follows :

$$\begin{array}{lcl} \text{Return on Net} & & \text{Net Profit Before Taxes} \\ \text{Capital Employed} & = & \frac{\text{-----}}{\text{Net Capital Employed}} \times 100 \end{array}$$

Return on net capital employed is considered to be the best ratio to test the overall profitability and efficiency of the company because it shows the amount of return on the net capital investment in the company. The higher the ratio, the better the position and more efficient is the utilization of the company's capital by the management.

Table 4.5 shows the return on net capital employed of the studied companies. The Arab Pharmaceutical Manufacturing Co. Ltd. shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978 and 1979 as against 1977, a decreasing trend in 1980 and 1981 as against 1979, an increasing trend in 1982 and 1983 as against 1981, decreased in 1984 and again increased in 1985. The maximum return on net capital employed

Table : 4.4
Net capital employed of the studied companies from 1975 to 1985

Sr.No.	Name of the Company	Years										
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
(Amount in JDs)												
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	1925215	2795663	3969723	3908512	4311126	4287615	16046038	9076224	4884444	13188346	14191586
2.	Jordan Petroleum Refinery Co.Ltd.	791756	24759521	23053444	24453279	29251940	29601753	48930639	52563420	86920294	87629008	81938325
3.	Jordan Phosphate Mines Co.Ltd.	13778160	51888376	19547029	25896068	31542579	34825791	43495586	45790842	55234404	52669093	53287091
4.	Industrial Commercial and Agricultural Co.Ltd	1426027	1673995	1616322	1916114	3590225	3600375	4172686	4403971	5012560	4543084	4940479
5.	Jordan Pipes Manufacturing Co.Ltd	696980	1481955	1523694	1768275	1744900	1809831	2589965	2657938	2722615	2971017	3033798
6.	Arab Potas Co.Ltd	1647355	1114571	886555	6436776	2695469	39703592	16980609	113240572	102858176	95058084	105459921
7.	Jordan Spinning and Weaving Co.Ltd.	1627374	1626352	2697559	1472502	893532	618468	1269118	4236341	4396085	4612977	4262288
8.	Jordan Cement Factories Co.Ltd.	3641985	16192580	8911394	5490321	753347	36432800	43435341	67377835	75418093	94455118	157624473
	Total	24934851	65524023	63496720	71341837	99141209	141893231	176011982	229934314	333750666	411270574	22718461

Sources : Computed from table 3.23 and table 3.27

Table : 4.5

Return on Net Capital Employed.

Sr.No.	Name of the Company	Years										Average	
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984		
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	48.64	24.25	23.60	25.75	27.39	23.79	8.84	17.18	50.51	12.82	12.06	23.25
2.	Jordan Petroleum Refinery Co.Ltd.	358.02	12.68	12.71	18.92	279.26	39.14	18.20	15.01	4.10	4.87	6.34	9.92
3.	Jordan Phosphate Mines Co.Ltd.	14.30	20.52	20.54	15.25	18.52	35.47	23.46	11.31	14.84	22.79	31.90	20.72
4.	Industrial Commercial and Agricultural Co.Ltd	13.64	21.06	22.53	17.76	19.21	15.49	23.43	21.54	16.52	3.94	-(10.99)	14.10
5.	Jordan Pipes Manufacturing Co.Ltd	-	-	-	-(1.81)	9.59	12.85	8.54	8.23	7.68	10.15	19.22	9.70
6.	Arab Potas Co.Ltd.	-	-	-	-	-	-	-	-	-(13.45)	-(14.83)	-(6.30)	-(11.52)
7.	Jordan Spinning and Weaving Co.Ltd.	-	-	-	-(18.22)	-(65.79)	-(200.00)	-(15.20)	-(11.10)	4.01	2.12	9.45	-(36.94)
8.	Jordan Cement Factories Co.Ltd.	65.32	7.76	18.86	41.77	434.31	8.72	7.53	4.97	7.25	10.45	-(0.39)	55.08
	Consolidated total of the eight companies	38.56	14.17	171.39	19.32	26.29	23.65	15.51	10.03	1.81	3.83	3.99	49.77

Sources : Computed from table 4.1 and table 4.4

generated by the company in 1975 was 48.64 per cent and the lowest was 8.84 per cent in 1981. The Jordan Petroleum Refinery Co Ltd. shows a very high return on Net capital employed in 1975, an increasing trend from 1977 to 1979 as against 1976, a decreasing trend from 1980 to 1983 as against 1983. The maximum return on net capital employed generated by the company in 1975 was 358.02 per cent and the minimum was 4.10 per cent in 1983. The Jordan Phosphate Mines Co. Ltd. shows an increasing trend in 1976 and 1977 as against 1975, a decrease in 1978 as against 1977, an increasing trend in 1979 and 1980 as against 1978, a decreasing trend in 1981 and 1982 as against 1980 and an increasing trend in the remaining period under study. The Industrial Commercial and Agricultural Co. Ltd. shows an increasing trend in 1976 and 1977 as against 1975, a decreasing trend in 1978 and 1979 as against 1977, an increasing trend in 1980 and 1981 as against 1979 and a decreasing trend in the rest of the years under study. The Jordan Pipes Manufacturing Co. Ltd. shows an increasing trend in 1979 and 1980 as against the negative sign in 1978, a decreasing trend from 1981 to 1983 as against 1980 and shows an increasing trend in 1984 and 1985 as against 1983. The Arab Potash Co. Ltd. shows a negative sign from 1983 to 1985. The Jordan Spinning and Weaving Co. Ltd. shows a negative sign from 1978 to 1982 and shows a fluctuating trend from 1983 to 1985. The Jordan Cement Factories Co. Ltd. decreased in 1976 as against 1975, shows an increasing trend from 1977 to 1979 as against 1975, a decreasing trend from 1980 to 1982 as against 1979, an increasing trend in 1983 and 1984 as against 1982 and shows a negative sign in 1985.

On an average, the maximum return on net capital employed was generated by the Jordan Petroleum Refinery Co. Ltd. with 69.92 per cent followed by Jordan Cement Factories Co. Ltd. with 55.08 per cent, Arab Pharmaceutical Manufacturing Co. Ltd. with 23.25 per cent, Jordan Phosphate Mines Co. Ltd. with 20.72 per cent, Industrial Commercial and Agricultural Co. Ltd. with 14.10 per cent, Jordan Pipes Manufacturing Co. Ltd. and Jordan Spinning and Weaving Co. Ltd. shows, on an average, a negative sign.

The consolidated total of the return on net capital employed of the eight companies has been on an average 29.77 per cent. It shows a fluctuating trend from 1975 to 1980, a decreasing trend from 1980 to 1983 as against 1979 and an increasing trend in 1984 and 1985 as against 1983. It ranged from 1.81 per cent in 1983 to 171.39 per cent in 1977.

Return on Shareholders' Equity

Shareholders' Equity consists of the total equity share capital plus preference share capital, share premium, reserves and surplus minus losses incurred by the company. The ratio has been calculated as follows :

$$\text{Return on Shareholders' Equity} = \frac{\text{Net Profit After Taxes}}{\text{Shareholders' Equity}} \times 100$$

Table 4.7 shows that the return on the shareholders' equity for the Arab Pharmaceutical Manufacturing Co. Ltd. shows a fluctuating trend from 1975 to 1978, an increasing trend in 1978 and 1979 as against 1977, a fluctuating trend from 1979 to 1982, decreased in 1983 as against 1982 and shows an increasing trend in 1984 and 1985 as compared to 1983. The Jordan Petroleum

Table : 4.6
Shareholders' equity (Net worth) of the studied companies from 1975 to 1985

Sr.No.	Name of the Company	(Amount in JDs)										
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	1379576	2511495	407875	4315126	4484641	4660440	4939413	9988897	10529545	1094573	12391110
2.	Jordan Petroleum Refinery Co.Ltd.	11571157	41614590	42131654	45744450	47722911	50052170	52133975	52928133	53284829	55692544	54212482
3.	Jordan Phosphate Mines Co.Ltd.	12171559	12597470	13400361	14191182	15595153	21609185	41262334	42253988	43095990	45770227	53847356
4.	Industrial Commercial and Agricultural Co.Ltd	1520166	1565417	1697235	1751471	3631582	3901732	3675537	4051215	4254009	4674990	4857819
5.	Jordan Pipes Manufacturing Co.Ltd	769209	12399996	1700957	1954491	2098247	2140421	2902900	2922217	2947258	2971017	3037799
6.	Arab Potas Co.Ltd	2642207	2653598	6539264	12750304	36678831	57361769	61405181	63019648	49179441	29699038	2937782
7.	Jordan Spinning and Weaving Co.Ltd.	1066001	11833245	1548807	1280605	981091	549161	448634	3529379	3762566	4109791	4199724
8.	Jordan Cement Factories Co.Ltd.	5205600	17862609	17557504	16911025	17396935	17724901	21547030	34054251	36113707	42203676	76177798
	Total	36325435	91223610	88649257	99198654	129449391	158005779	189371274	212752717	202967225	193585856	241657866

Sources : From the annual reports of the studied companies.

Table : 4.7

Return on Shareholders' Equity

Sr.No.	Name of the Company	Years											Average
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	41.41	17.45	15.12	17.85	19.10	13.63	17.40	10.10	9.30	10.76	12.68	15.80
2.	Jordan Petroleum Refinery Co.Ltd.	15.23	4.31	4.28	6.54	10.69	11.51	12.99	11.34	5.25	6.21	6.95	8.66
3.	Jordan Phosphate Mines Co.Ltd.	9.48	13.16	15.43	15.61	21.71	33.76	13.29	8.13	11.76	16.41	20.40	16.26
4.	Industrial Commercial and Agricultural Co.Ltd	10.85	12.93	17.54	13.95	7.87	9.87	16.54	15.26	13.61	8.43	-(10.26)	10.59
5.	Jordan Pipes Manufacturing Co.Ltd	-	-	-	-(1.64)	8.33	10.87	7.59	7.47	7.12	16.15	19.22	8.63
6.	Arab Potas Co.Ltd.	-	-	-	-	-	-	-	-	-(28.14)	-(47.49)	-(19.81)	-(31.91)
7.	Jordan Spinning and Weaving Co.Ltd.	-	-	-	-(20.96)	-(61.17)	-(235.25)	-(47.92)	-(13.33)	4.68	2.38	9.59	-(43.99)
8.	Jordan Cement Factories Co.Ltd.	27.75	3.65	-(1.64)	8.48	12.13	12.20	10.33	6.77	12.60	15.03	-(0.19)	10.08
	Consolidated total of the eight companies	15.49	6.06	-	8.87	12.33	15.14	15.14	8.76	0.40	2.59	3.91	8.68

Sources : Computed from table 3.17 and table 4.6

Refinery Co. Ltd shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend from 1978 to 1981 and an increasing trend in 1984 and 1985 as against 1983. The Jordan Phosphate Mines Co. Ltd. shows an increasing trend from 1976 to 1980 as against 1975, a decreasing trend in 1981 and 1982 as against 1980 and an increasing trend in the remaining years under study. The Industrail Commercial and Agricultural Co. Ltd. shows an increasing trend in 1976 and 1977 as against 1975, a declining trend in 1978 and 1979 as against 1977, an increasing trend in 1980 and 1981 as against 1979 and shows a decreasing trend in the rest of the years under study. The Jordan Pipes Manufacturinag Co. Ltd. shows an increasing trend in 1979 and 1980 the against 1978, a declining trend from 1981 to 1983 as against 1980 and an increasing trend in the remaining years under study. The Arab Potash Co. Ltd. shows a negative sign from 1983 to 1985. The Jordan Spinning and Weaving Co. Ltd. shows a negative sign from 1978 to 1982 and shows a fluctuating trend from 1983 to 1985. The Jordan Cement Factories Co. Ltd. shows a fluctuating trend from 1975 to 1977, an increasing trend from 1978 to 1980 as against 1977, a declining trend in 1981 and 1982 as against 1980, an increasing trend in 1983 and 1984 as against 1982 and shows a negative sign in 1985.

On an average, the highest percentage of return on shareholders' equity was generated by the Arab Pharmaceutical Manufacturing Co. Ltd. followed by the Jordan Phosphate Mines Co. Ltd., Industrial Commercial and Agricultural Co. Ltd., Jordan Pipes Manufacturing Co. Ltd. and shows a negative sign for Jordan

Spinning and Weaving Co. Ltd. and Arab Potash Co. Ltd.

The analysis of consolidated total of the return on shareholders' equity of the eight companies ranged from 0.40 per cent in 1983 to 15.49 per cent in 1975. It shows a fluctuating trend from 1975 to 1977, an increasing trend from 1978 to 1981 as against 1977, a declining trend in 1982 and 1983 as against 1981 and again shows an increasing trend in 1984 and 1985 as against 1983. The average consolidated total of the eight companies is 8.68 per cent.

The return on shareholders' equity shows the extent of the shareholders' resources used by the management of the company.

Earning Per Share (EPS)

Earning Per Share (EPS) is important for analysing the profitability of the company. EPS shows the amount of profit available to equity shareholder after deduction of taxes and interest. The profitability of any company is often measured by the computation of its earning per share. EPS measures the amount of profit available for every share held in the company. It has been calculated as follows :

$$\text{Earning Per Share (EPS)} = \frac{\text{Net Profit after taxes, Interest and preference share dividend}}{\text{Number of Equity Shares}}$$

Table 4.9 shows that the earning per share for the Arab Pharmaceutical Manufacturing Co. Ltd. shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978 and 1979 as against 1977, a fluctuating trend from 1979 to 1981, a wide declining trend in 1982 and 1983 as against 1981 and an increasing trend in 1984 and 1985 as against 1983. The Jordan

Table : 4.8
Number of equity shares of the Studied companies from 1975 to 1985

Sr.No.	Name of the Company	(Amount in JDs)											
		Years											
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
1.	Arab Pharmaceutical Manufacturing Co.Ltd.	100000	200000	400000	400000	400000	400000	450000	400000	400000	400000	400000	
2.	Jordan Petroleum Refinery Co.Ltd.	1200000	1600000	1500000	1600000	1600000	5833331	6400000	6400000	6400000	6400000	6400000	
3.	Jordan Phosphate Mines Co.Ltd.	10000000	10000000	10000000	10000000	10000000	20000000	20000000	20000000	20000000	20000000	20000000	
4.	Industrial Commercial and Agricultural Co.Ltd	1144633	1144633	1144633	1250000	2250000	2250000	2250000	2250000	2250000	2250000	3463634	
5.	Jordan Pipes Manufacturing Co.Ltd	76920	120000	160005	184922	184922	192897	2500000	2500000	2500000	2500000	2500000	
6.	Arab Potas Co.Ltd	628319	628319	1090926	2546131	7331837	11468424	12277197	12600000	12600000	12600000	12600000	
7.	Jordan Spinning and Weaving Co.Ltd.	1057067	1166459	1498807	1499021	1499021	1736122	540973	4000000	4000000	4000000	4000000	
8.	Jordan Cement Factories Co.Ltd.	450000	1500000	1500000	1500000	1500000	1500000	1687500	2240437	22500000	22500000	22500000	
	Total	16656733	16359410	17394371	18980074	24765760	43580774	46055580	53990437	74250000	74250000	102965634	

Sources : From the annual reports of the different companies under study.

Table : 4.9

Earning per share (EPS)

Sr. No.	Name of the Company	Years										Average
		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
1.	Arab Pharmaceutical Manufacturing Co. Ltd.	571.32	219.20	154.02	179.19	212.76	158.82	217.14	25.23	24.01	27.19	79.29 160.36
2.	Jordan Petroleum Refinery Co. Ltd.	146.90	112.23	112.74	187.23	318.99	53.79	105.89	93.64	43.75	52.10	58.90 121.02
3.	Jordan Phosphate Mines Co. Ltd.	11.54	14.58	20.69	22.15	33.86	36.48	27.43	17.17	25.36	37.72	54.22 27.56
4.	Industrial Commercial and Agricultural Co. Ltd	14.41	17.67	26.02	19.55	12.71	17.17	27.02	27.48	25.74	15.34	-(14.39) 17.15
5.	Jordan Pipes Manufacturing Co. Ltd	-	-	-	-(17.36)	90.47	120.64	8.82	8.73	8.59	12.36	22.23 31.86
6.	Arab Potas Co. Ltd.	-	-	-	-	-	-	-	-	-(109.34)	-(111.94)	-(51.78) -(91.18)
7.	Jordan Spinning and Weaving Co. Ltd.	-	-	-	-(17.90)	-(39.22)	-(71.24)	-(35.68)	-(11.76)	4.40	2.40	10.57 -(17.86)
8.	Jordan Cement Factories Co. Ltd.	321.11	11.65	42.82	95.08	104.76	144.19	131.97	102.96	20.23	28.19	-(1.37) 94.69
	Consolidated total of the eight companies	38.26	31.98	37.07	44.41	64.91	47.75	47.35	31.70	0.68	6.77	9.19 32.73

Sources : Computed from table 4.8 and table 3.17.

Petroleum Refinery Co. Ltd shows a fluctuating trend from 1975 to 1977, an increasing trend from 1977 to 1979 as against 1976, a fluctuating trend from 1979 to 1982, a decrease in 1983 as against 1982 and shows an increasing trend in 1984 and 1985 as against 1983. The Jordan Phosphate Mines Co. Ltd. shows an increasing trend from 1976 to 1980 as against 1975, a declining trend in 1981 and 1982 as against 1980 and again an increasing trend in the rest of the years under study. The Industrial Commercial and Agricultural Co. Ltd. shows an increasing trend in 1976 and 1977 as compared to 1975, a declining trend in 1978 and 1979 as against 1977, an increasing trend from 1980 to 1982 as against 1979 and a declining trend in the remaining period under study. The Jordan Pipes Manufacturing Co. Ltd. shows an increasing trend in 1979 and 1980 as against the negative sign in 1978, a decreasing trend from 1981 to 1983 as compared to 1980 and an increasing trend in 1984 and 1985 as compared to 1983. the Arab Potash Co Ltd. shows a negative sign from 1983 to 1985. The Jordan Spinning and Weaving Co. Ltd. shows a negative sign from 1978 to 1982 and shows a fluctuating trend in the rest of the years under study. the Jordan Cement factories Co. Ltd. shows a wide decline in 1976 as against 1975, an increasing trend from 1977 to 1980 as against 1976, a decreasing trend from 1981 to 1983 as against 1980, again an increase in 1984 as against 1983 and shows a negative sign in 1985. On an average, the highest earning per share was generated by the Arab Pharmaceutical Manufacturiang Co. Ltd. with 166.38 per cent followed by Jordan Petroleum Refinery Co. Ltd. with 121.02 per cent, Jordan Cement

Factories Co. Ltd. with 94.69 per cent, Jordan Pipes Manufacturing Co. Ltd. with 31.88 per cent, Jordan Phosphate Mines Co. Ltd. with 27.56 per cent, Industrial Commercial and Agricultural Co. Ltd. with 17.15 per cent and shows a negative signs for Arab Potash Co. Ltd. with (-)19.86 per cent and Jordafn Spinning and Weaving Co. Ltd. with (-)91.18 per cent. The average consolidated total of the eight companies is 32.73 per cent.

Analysing the consolidated total of the earning per share of the eight companies shows a decrease in 1976 as against 1975, an increasing trend from 1977 to 1979 as compared to 1976, a decreasing trend from 1980 to 1983 as against 1979 and shows an increasing trend in 1984 and 1985 as against 1983. It ranged from 0.68 per cent in 1983 to 64.91 per cent in 1979.

VALUE ADDED

Value added means the wealth created by the company. This wealth may be represented by change in the form, location or availability of a product or services. In industrial companies, the raw materials bought from outside are converted through manufacturing process into finished products. Thus, the industrial companies add value by using raw materials. This added value is calculated by deducting bought-in of materials and services from total revenues. This discussion lead to the conclusion that the profit and value added are not the same. The concept of value added is widely used in European countries but in Jordan and other developing countries it is still not so widely used.

Value added is a useful concept for evaluating the financial

position of a business enterpris. As the value added is to be distributed among its contributors, so the increase in value added will be advantageous to various parties. The greater the amount of value added, the more will be the share of the contributors. Hence, the aim of the management should be to maximise the value added. The value added may be increased either by an increase in the revenues or a decrease in the cost of goods and services bought from outside.

- 1) The sales value may be increased either by raising the selling price or increase in the sales volume. But if selling price increases beyond a limit, the sales are likely to decline because the customers will go for substitutes or they will turn to competitors. The sales volume can be increased by the expansion of the market share e.g. new market can be opened.

- 2) Another better alternative is to minimise to the maximum possible, the purchases of materials and services from outside. If a large amount is invested in purchases of materials and services, then a big saving can be made. the concept of value added statement (VAS) is useful in the following ways :

- 1) The concept of value added is useful to judge the firm's efficiency after comparing them with other similar companies.

- 2) Value added approach indicates the enterprise's contribution to the Gross National Product, inter-firm comparison for a number of years which can also be made easily.

- 3) Value added concept is useful to develop incentive scheme to employees. The remaining amount after deducting the cost of bought in of materials and services from total turnover is left as value added, and the greater the portion of value added will lead to maximise the share of employees from value added, which will give the employees incentive to work more efficiently.
- 4) The government may be benefited from the value added concept as they can judge the governments policy for the development of specific industries on the basis of value added.
- 5) The providers of fund can be benefited from the value added concept as they can know their share from total value added.
- 6) The shareholders of the business find the concept useful as they can know the share of every contributor from total value added.
- 7) Value added tax has already been introduced in Britain from 1973. Other countries are likely to do so and make their tax structure more logical.

The limitations of value added also should be kept in mind. The profit always does not increase with the increase in value added because profit is only one component of value added. Employees, government, provider of fund get their shares as other constituents of value added.

We can represent the value in the form of chart as follows :

^

Firm's services

Materials Services	1. Employees	Finished Goods And Services
	2. Shareholders	
	3. Government	
	4. Machines	
	5. Borrowed Capital	
	6. Management	
	7 Universities	
	8. Resrved for Contin- gences	

The compensation will be distributed in the following ways :

1. Salaries and wages, welfare
2. Share of profit
3. Taxes and duties
4. Depreciations
5. Interests and dividends
6. Managerial remuneration
7. Contribution to universities
8. Expansion and development in the business.

The Arab Pharmaceutical Manufacturing Co. Ltd.

The generation of value added for the Arab Pharmaceutical Manufacturing Co. Ltd. is represented in table 4.10 and the application of value added represented in table 4.11.

The table 4 10 shows the income from sales which ranges from 97.31 per cent in 1979 to 99.98 per cent in 1984. It increased in

Table : 4.10
Generation of Value Added of the Arab Pharmaceutical Manufacturing Co.Ltd.

Items	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
(Amount in JDs)											
Net Sales	1933811 (98.87)	1975265 (99.91)	2929402 (89.99)	3062721 (97.97)	3353161 (97.31)	4146324 (99.23)	5439094 (99.74)	6159375 (98.90)	6111948 (99.87)	8049531 (99.98)	10174890 (99.94)
Income from Services	21991 (1.13)	1834 (0.09)	29855 (1.01)	63492 (2.03)	92750 (2.69)	32005 (0.77)	13943 (0.26)	68726 (1.13)	7661 (0.13)	1711 (0.02)	5792 (0.06)
(A)	1955802 (100.00)	1977097 (100.00)	2959257 (100.00)	3126213 (100.00)	3445911 (100.00)	4178409 (100.00)	5453037 (100.00)	6228101 (100.00)	6119609 (100.00)	8051342 (100.00)	10186672 (100.00)
Bought-in of Materials and Services (B)	1082392 (55.57)	1444319 (73.05)	2051612 (69.33)	2043003 (65.35)	1912709 (55.51)	2727319 (65.27)	3464307 (63.53)	3792330 (60.89)	3763532 (61.50)	5275294 (65.52)	7681435 (69.59)
Materials	959704 (49.07)	1299495 (65.73)	1855487 (62.70)	1817062 (58.12)	1672137 (48.53)	2442291 (58.45)	3131184 (57.42)	3403991 (54.65)	3215784 (52.55)	4666398 (57.96)	6320260 (62.50)
Services	123188 (6.30)	144826 (7.32)	196125 (6.63)	225941 (7.23)	240572 (6.99)	285028 (6.82)	333123 (6.11)	388339 (6.23)	547748 (8.95)	608896 (7.56)	757167 (7.44)
Value added by the Company (A-B)	872910 (44.63)	532778 (26.95)	907645 (30.67)	1083210 (34.65)	1533202 (44.49)	1451090 (34.73)	1988720 (36.47)	2435771 (39.11)	2356077 (38.50)	2776048 (34.48)	2096227 (20.41)

Sources : Computed from the annual reports of the Arab Pharmaceutical Manufacturing Co.Ltd.

Note : Figures in Parenthesis show percentage to total Income

1976 as against 1975, a decreasing trend in 1977, 1978 and 1979 as compared to 1976, an increasing trend in 1980 and 1981 as against 1979, declined in 1982 as against 1981, an increasing trend in 1983 and 1984 as against 1982 and a slight decline in 1985 as against 1984. The income from services ranged from 0.02 per cent in 1984 to 2.69 per cent in 1979. It declined in 1976 as against 1975, an increasing trend from 1977 to 1979 as against 1976, a declining trend in 1980 and 1981 as compared to 1979, raised in 1982 as against 1981, a declining trend in 1983 and 1984 as compared to 1982 and slightly increased in 1985 as against 1984. The cost of bought-in of materials and services ranged from 55.37 per cent in 1975 to 73.05 per cent in 1976. It raised in 1976 as against 1975, a declining trend from 1977 to 1979 as compared to 1976, increased in 1980 as against 1979, a decreasing trend in 1981 and 1982 as against 1980 and shows an increasing trend in the remaining years under study as compared to 1982. Analysing the cost of bought-in of materials and services separately, the cost of materials ranged from 48.53 per cent in 1979 to 65.73 per cent in 1976. It increased in 1976 as against 1975, shows a decreasing trend in 1977, 1978 and 1979 as compared to 1976, raised in 1980 as against 1979, a declining trend in 1981, 1982 and 1983 as against 1980 and shows an increasing trend in 1984 and 1985 as compared to 1983. The cost of services ranged from 6.11 per cent in 1981 to 8.95 per cent in 1983. It shows a fluctuating trend from 1975 to 1979, a decreasing trend in 1979, 1980 and 1981 as compared to 1978, an increasing trend in 1982 and 1983 as against 1981 and a declining trend in 1984 and 1985 as compared to 1983. The value added

generated by the company in the studied period (1975 to 1985) ranged from 26.95 per cent in 1976 to 44.63 per cent in 1975. It decreased in 1976 as against 1975, an increasing trend from 1977 to 1979 as compared to 1976, decreased in 1980 as against 1979, an increasing trend in the rest of the years under study as compared to 1982.

The table 4.11 shows the share of value added to employees range from 3.85 per cent in 1985 to 23.26 per cent in 1980. It increased in 1976 as against 1975, decreased in 1977 as against 1976, shows an increasing trend in 1978, 1979 and 1980 as compared to 1977, a declining trend in 1981 and 1982 as against 1980, again an increase in 1983 as against 1982 and again a declining trend in 1984 and 1985 as compared to 1983. The share of value added to the shareholders ranged from 27.15 per cent in 1976 to 53.79 per cent in 1977. It decreased in 1976 as against 1975, increased in 1977 as against 1976, a decreasing trend in 1978, 1979 and 1980 as against 1977, an increasing trend in 1981 and 1982 as against 1980, a decrease in 1983 as against 1982 and an increasing trend in 1984 and 1985 as compared to 1983.

The share of the value added to the government ranged from 12.52 per cent in 1985 to 34.70 per cent in 1981. It decreased in 1976 the against 1975, increased in 1977 as against 1976, shows a decreasing trend in 1978 and 1979 as compared to 1977, an increasing trend in 1980 and 1981 as compared to 1979, a decrease in 1982 as against 1981, increased in 1983 as against 1982 and shows a decreasing trend in 1984 and 1985 as compared to 1983. The share of depreciations from total value added ranged from

Table : 4.11

Application of Value added of the Arab Pharmaceutical Manufacturing Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	9.37	15.80	13.47	16.43	17.53	23.26	10.51	5.75	12.26	7.04	3.85
Shareholders	35.56	27.15	53.79	43.55	32.69	29.44	33.16	50.50	35.64	37.57	31.17
Government	34.67	26.84	29.02	23.50	22.52	29.09	34.70	26.15	29.40	26.93	17.52
Depreciation	0.50	0.87	1.79	1.57	1.49	1.28	1.72	1.21	1.37	1.79	2.00
Reserves	17.67	24.46	-	8.16	24.18	14.95	17.25	-	16.54	16.37	11.94
Interests	1.24	1.80	0.20	0.77	0.35	0.71	1.91	10.22	3.63	9.42	17.53
Managements	0.54	0.91	0.61	1.09	0.92	0.99	0.82	0.69	0.75	0.65	0.58
Universities	0.35	0.27	0.53	0.43	0.32	0.29	0.33	0.50	0.36	0.37	0.51
Disposal of the total value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Arab Pharmaceutical Manufacturing Co.Ltd.

0.50 per cent in 1975 to 2.00 per cent in 1985. It shows an increasing trend in 1976 and 1977 as compared to 1975, a decreasing trend in 1978, 1979 and 1980 as compared to 1977, increase in 1981 as against 1980, decreased in 1982 as against 1981 and shows an increasing trend in 1983, 1984 and 1985 as compared to 1982. The share of interest from value added ranged from 0.20 per cent in 1977 to 17.53 per cent in 1985. It increased in 1976 as against 1975, decreased in 1977 as against 1976, increased in 1978 as against 1977, decreased in 1979 as compared to 1978, an increasing trend in 1980, 1981 and 1982 as compared to 1979, decreased in 1983 as against 1982 and shows an increasing trend in 1984 and 1985 as compared to 1983. The share of management from value added ranged from 0.58 per cent in 1985 to 1.09 per cent in 1978. It increased in 1976 as against 1975, decreased in 1977 as against 1976, increased in 1978 as against 1977, decreased in 1979 as against 1978, increased in 1980 as against 1979, shows a decreasing trend in 1981 and 1982 as against 1980, increased in 1983 as against 1982 and shows a decreasing trend in 1984 and 1985 as compared to 1983. The share of the universities from value added ranged from 0.27 per cent in 1977 to 0.51 per cent in 1985. It decreased in 1976 as against 1975, increased in 1977 as against 1976, a decreasing trend in 1978, 1979 and 1980 as compared to 1977, an increasing trend in 1981 and 1982 as compared to 1980, decreased in 1983 as compared to 1982 and shows an increasing trend in 1984 and 1985 as compared to 1983.

On the basis of the above analysis, it may be concluded that the Arab Pharmaceutical Manufacturing Company Limited generated

sufficient value added during the period of study. On an average, the value added generated by the company shows an increasing trend in the Second Five Year Plan (1981-1985) with 35.79 per cent as compared to First Five Year Plan (1976-1980) with 34.29 per cent. The Largest share of value added has gone to the shareholders, government, reserves, employees, interest, depreciations, management and universities. Thus one may conclude that the management has been successful in fulfilling, in part, its responsibility towards society at large, but a conservative policy regarding the share distribution of value added to employees may result into migration of employees to other companies.

The Jordan Petroleum Refinery Co. Ltd.

The generation of value added and application of value added of the Jordan Petroleum Refinery Co. Ltd. have been given in the following two tables viz. table 4.12 and table 4.13 respectively.

Table 4.12 indicates the net sales to total revenues range from 83.22 per cent in 1979 to 99.23 per cent in 1985. It shows an increasing trend in 1976 and 1977 as against 1975, a declining trend in 1978 and 1979 as against 1977 and an increasing trend in the remaining years under study. The income from the services ranged from 0.77 per cent in 1985 to 16.78 per cent in 1979. It shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978 and 1979 as compared to 1977 and a declining trend in the rest of the period under study. The cost of bought-in materials and services to total revenue ranged from 62.52 per cent in 1980 to 98.48 per cent in 1983. It increased in

Table : 4.12
Generation of Value Added of the Arab Petroleum Co. Ltd.

(Amount in JDs)

Items	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net Sales	10341024 (97.81)	14362501 (88.99)	16418302 (89.62)	20873066 (53.69)	23986968 (83.22)	26584997 (86.33)	28670750 (97.76)	4886349 (95.56)	23226364926727190 (99.02)	57.20	(99.23)
Income from Services	1435745 (12.19)	1776141 (11.01)	1992153 (16.59)	2661171 (11.31)	4836100 (16.72)	4268902 (13.67)	3999947 (12.24)	2269483 (14.44)	2297475 (9.99)	2156754 (0.80)	2048923 (0.77)
(A)	11776769 (109.00)	16138642 (100.00)	18320455 (109.00)	23534237 (100.00)	28823062 (100.00)	39793899 (100.00)	32670697 (100.00)	51155843 (100.00)	234561123267428655266987089 (100.00)	(100.00)	(100.00)
Bought-in of Materials and Services (B)	8108118 (68.85)	11925766 (73.28)	12421008 (73.27)	16647240 (76.74)	18169313 (63.04)	19250908 (62.52)	29612834 (90.64)	40271036 (78.72)	239974166339733226178765 (98.48)	(97.98)	(98.95)
Materials	7057979 (59.93)	9580451 (59.03)	11262997 (61.43)	13694901 (59.19)	13423227 (46.58)	16616039 (53.96)	25072650 (76.74)	36749752622828694355668837252478491 (71.84)	(94.99)	(94.89)	(94.56)
Services	1050139 (8.92)	2255315 (13.98)	2158011 (11.79)	2952339 (12.55)	4744086 (16.46)	2654769 (8.56)	4539894 (13.90)	3521274 (6.88)	8165474 (3.49)	3326486 (3.09)	9209204 (3.49)
Value added by the Company (A-B)	3668651 (31.15)	4312876 (26.72)	4899447 (26.73)	6886997 (29.26)	19653755 (36.96)	11543091 (37.48)	3058163 (9.36)	10884817 (21.28)	3546955 (1.52)	543332 (2.02)	519934 (1.95)

Sources : Computed from the annual reports of the Jordan Petroleum Refinery Co. Ltd.

Note : Figures in Parenthesis show percentage to total Income.

1976 as against 1975, a declining trend from 1977 to 1980 as against 1976, largely increased in 1981 as against 1980 and shows a fluctuating trend from 1982 to 1985 as against 1986. Analysing the cost of bought-in of materials and services separately, the cost of materials ranged from 46.58 per cent in 1979 to 94.99 per cent in 1983. It shows a fluctuating trend from 1975 to 1978, a declining trend in 1978 and 1979 as against 1977, an increasing trend from 1980 to 1983 as against 1979 and a declining trend in 1984 and 1985 as compared to 1983. The cost of services ranged from 3.09 per cent in 1984 to 16.46 per cent in 1979. It shows a fluctuating trend from 1975 to 1978, an increasing trend in 1978 and 1979 as against 1977, a fluctuating trend from 1979 to 1982, a declining trend in 1982, 1983 and 1984 as against 1981 and a slight increase in 1985 as compared to 1984. The value added generated by the company ranged from 1.52 per cent in 1983 to 37.48 per cent in 1980. It decreased in 1976 as against 1975, shows an increasing trend from 1977 to 1980 as against 1976, greatly decreased in 1981 to reach 9.36 per cent as compared to 37.48 per cent in 1980, jumped to 21.28 per cent in 1982 and declined to 1.52 per cent in 1983 and shows a fluctuating trend from 1983 to 1985. The value added generated by the company decreased in 1983, 1984 and 1985 due to the continuous increasing trend in the cost of crude petroleum which led to the increase in the cost of materials consumed.

The table 4.13 shows the share of value added to employees ranged from 22.42 per cent in 1975 to 43.01 per cent in 1983. It decreased in 1976 as against 1975, increased in 1977 as against

Table : 4.13

Application of Value added of the Jordan Petroleum Refinery Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	22.42	26.11	32.50	31.39	25.20	26.44	30.73	34.88	43.01	42.45	42.11
Shareholders	25.73	26.11	28.74	12.50	19.39	24.57	8.59	17.48	11.13	12.24	16.59
Government	28.72	37.41	27.68	35.75	33.39	33.29	17.09	10.05	3.55	3.16	7.41
Depreciation	1.62	2.65	3.91	3.16	2.60	2.61	36.89	34.24	37.60	39.39	30.13
Reserves	21.03	7.12	6.70	16.61	18.97	12.72	6.52	3.09	1.65	1.73	2.59
Interests	-	-	-	-	-	-	-	-	2.85	0.34	0.81
Managements	0.22	0.18	0.18	0.28	0.18	0.22	0.07	0.06	0.10	0.07	0.10
Universities	0.26	0.42	0.29	0.31	0.27	0.15	0.11	0.20	0.11	0.12	0.16
Disposal of the total value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Jordan Petroleum Refinery Co.Ltd.

Note : The computation of the interest share from value added has not been done from 1975 to 1982
Due to unavailability of data.

1976, a decreasing trend in 1978 and 1979 as compared to 1977, an increasing trend 1980, 1981, 1982 and 1983 as compared to 1979 and shows a decreasing trend in 1984 and 1985 as compared to 1983. The share of value added available to shareholders ranged from 8.59 per cent in 1981 to 28.73 per cent in 1977. It shows an increasing trend in 1976 and 1977 as against 1975, decreased in 1978 as against 1977, an increasing trend in 1979 and 1980 as compared to 1978, decreased in 1981 as against 1980, increased in 1982 as against 1981, decreased in 1983, 1982 and shows an increasing trend in 1984 and 1985 as compared to 1983. The share of value added to government ranged from 3.16 per cent in 1984 to 37.41 per cent in 1976. It shows a fluctuating trend from 1975 to 1978, a decreasing trend from 1979 to 1984 as against 1978 and increased in 1985 as against 1984. The share of depreciation from value added ranged from 1.62 per cent in 1975 to 39.39 per cent in 1984. It shows an increasing trend in 1976 and 1977 as against 1975, a decreasing trend in 1978 and 1979 as compared to 1977, an increasing trend in 1980 and 1981 as against 1979, decreased in 1982 as against 1981, an increasing trend in 1983 and 1984 as compared to 1982 and decreased in 1985 as against 1984. The share of interests are not clear because they are not given clearly in the profit and loss account from 1975 to 1982. The share of interest shows a decreasing trend in 1984 and 1985 as compared to 1983. The share of management from value added ranged from 0.06 per cent in 1978. It shows a decreasing trend in 1976 and 1977 as against 1975, increased in 1978 and again came to 0.18 per cent as it was in 1976 and 1977, increased in 1980 as against 1979, again decreased in 1981 and 1982 as compared to 1980 and

shows again a fluctuating trend from 1983 to 1985. The share of the universities from value added ranged from 0.11 per cent in 1981 and 1983 to 0.42 per cent in 1976. It shows a fluctuating trend from 1975 to 1979, a decreasing trend in 1980 and 1981 as against 1979, a fluctuating trend from 1982 to 1984 and increased in 1985 as compared to 1984.

On the basis of the foregoing analysis, it may be concluded that the Jordan Petroleum Refinery Company Limited generated sufficient value added from 1975 to 1982 except in 1981 and the value added generated from 1983 to 1985 was very low. The largest share of value added has gone to employees, government, shareholders, depreciation, reserves, universities and management. Thus, one may conclude that the management has succeeded in fulfilling, in part, its responsibility towards the society at large. The reduction in value added in 1981 and from 1983 to 1985 was not due to the efficiency of management but because of the government policy.

The Jordan Phosphate Mines Co. Ltd.

The generation of value added and application of value added of the Jordan Phosphate Mines Co. Ltd. works during the period under study have been given in the following two tables viz, table 4.14 and table 4.15 respectively.

The table 4.14 shows the percentage of sales from the total revenue ranged from 97.68 per cent in 1985 to 99.73 per cent in 1976. It increased in 1976 as against 1975, a declining trend in 1977 and 1978 as against 1976, a fluctuating trend from 1978 to 1980 and again a fluctuating trend from 1980 to 1985. The income

Table : 4.14
Generation of Value Added of the Jordan Phosphate Mines Co.Ltd.

Items	(Amount in JDs)										
	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net Sales	21162033 (99.28)	20594597 (93.73)	18936231 (93.69)	21224892 (99.60)	26393910 (99.65)	49497909 (99.41)	59025922 (98.39)	55963582 (98.51)	57064800 (97.75)	78974794 (98.27)	74635339 (97.63)
Income from Services	131662 (0.62)	55534 (0.27)	53064 (0.31)	84260 (0.40)	99769 (0.33)	237996 (0.59)	954328 (1.61)	863539 (1.49)	1213910 (2.29)	1388224 (1.73)	1799829 (2.32)
(A)	21313635 (100.00)	20750021 (100.00)	18994295 (100.00)	21309062 (100.00)	28492679 (100.00)	48785907 (100.00)	59990250 (100.00)	57773121 (100.00)	58377810 (100.00)	80363018 (100.00)	76495168 (100.00)
Bought-in of Materials and Services (B)	18343357 (86.06)	16134205 (77.76)	13850618 (72.92)	15901560 (74.62)	21017458 (73.76)	34085231 (69.87)	43776598 (72.97)	51636741 (89.38)	47992866 (82.22)	61685146 (76.75)	56923592 (74.42)
Materials	14652906 (79.59)	10642419 (50.91)	7912983 (41.66)	9367159 (43.76)	13228550 (46.40)	23126650 (47.40)	37169578 (55.29)	40507654 (70.12)	35889070 (61.47)	44702179 (55.62)	49759331 (53.26)
Services	3699451 (6.19)	5591787 (26.95)	5937635 (31.26)	6534401 (30.66)	7796388 (27.36)	10958581 (22.47)	10607120 (17.68)	11128887 (19.26)	12104876 (23.75)	16993037 (21.13)	16195661 (21.16)
Value added by the Company (A-B)	2970278 (13.94)	4615816 (22.24)	5143677 (27.08)	5407502 (25.38)	7475241 (26.24)	14700676 (30.13)	16213552 (27.03)	6135320 (10.62)	10364944 (17.78)	18677672 (23.25)	19571176 (25.59)

Sources : Computed from the annual reports of the Jordan Phosphate Mines Co.Ltd.

Note : Figures in Parenthesis show percentage to total Income.

from services ranged from 0.27 per cent in 1976 to 2.32 per cent in 1985. It decreased in 1976 as against 1975, shows an increasing trend in 1977 and 1978 as against 1976, an increasing trend in 1980 and 1981 as compared to 1979 and a fluctuating trend in the rest of the years under study. The cost of bought-in of materials and services ranged from 69.87 per cent in 1980 to 89.38 per cent in 1982. It shows a decreasing trend in 1976 and 1977 as compared to 1975, increased in 1978 as against 1977, a declining trend in 1979 and 1980 as compared to 1976, an increasing trend in 1981 and 1982 as compared to 1980 and shows a decreasing trend from 1983 to 1985 as compared to 1982. Analysing the cost of bought-in of materials and services separately, the cost of materials ranged from 41.66 per cent to 79.88 per cent in 1975. It shows a decreasing trend in 1976 and 1977 as compared to 1975, an increasing trend from 1978 to 1982 as compared to 1977 and a declining trend from 1983 to 1985 as compared to 1982. The cost of services ranged from 6.18 per cent in 1975 to 31.26 per cent in 1977. It shows an increasing trend in 1976 and 1977 as against 1975, a declining trend from 1978 to 1981 as against 1977, an increasing trend in 1982 and 1983 as compared to 1981 and a fluctuating trend from 1982 to 1985. The value added generated by the Jordan Phosphate Mines Co. Ltd. ranged from 10.62 per cent in 1982 to 30.13 per cent in 1980. It shows an increasing trend in 1976 and 1977 as against 1975, decreased in 1978 against 1977, an increasing trend in 1979 and 1980 as compared to 1978, a declining trend in 1981 and 1982 as compared to 1980 and an increasing trend from 1983 to 1985 as compared to

1982. The company faced very severe competition from the imported American fertilizers which were available easily in the Jordanian market of better quality and at cheaper rate which led to the reduction in the value added generated by the company in some years under study.

Table 4.15 shows the share of value added to employees ranged from 10.13 per cent in 1985 to 27.55 per cent in 1975. It shows a decreasing trend in 1976 and 1977 as against 1975, increased in 1978 as against 1977, a decreasing trend from 1979 to 1981 as against 1978, increased in 1982 as against 1981 and shows a decreasing trend from 1983 to 1985 as compared to 1982. The share of shareholder from value added ranged from 10.51 per cent in 1980 to 41.53 per cent in 1977. It shows a fluctuating trend from 1975 to 1978, a decreasing trend in 1979 and 1980 as compared to 1978, an increasing trend in 1981 and 1982 as against 1980 and a fluctuating trend from 1983 to 1985. The share of the government from value added ranged from 22.75 per cent in 1982 to 46.96 per cent in 1983. It increased in 1976 as against 1975, a decreasing trend in 1977 and 1978 as compared to 1976, an increasing trend from 1979 to 1981 as compared to 1978, a fluctuating trend from 1982 to 1984 and decreased in 1985 as against 1984. The share of depreciations from value added are not computed due to unavailability of data. The share of reserves from value added ranged 7.24 per cent in 1975 to 42.48 per cent in 1985. It shows an increasing trend from 1975 to 1980 as compared to 1975, a decreasing trend in 1981, 1982 and 1983 as against 1980 and again an increasing trend in 1984 and 1985 as against 1983. The share of interests also are not calculated due to

Table : 4.15

Application of Value added of the Jordan Phosphate Mines Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	27.55	25.72	16.94	22.22	21.62	14.11	12.73	25.35	18.17	14.40	10.13
Shareholders	33.86	27.77	41.52	38.90	26.11	10.51	25.87	31.24	22.83	29.24	18.24
Government	30.77	36.70	29.22	26.46	33.09	33.14	37.03	22.75	46.86	38.38	23.75
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Reserves	7.24	9.76	12.05	12.05	19.78	42.04	24.09	20.23	11.71	17.53	42.48
Interests	-	-	-	-	-	-	-	-	-	-	-
Managements	0.24	0.17	0.07	0.16	0.14	0.09	0.09	0.19	0.14	0.12	0.06
Universities	0.34	0.28	0.19	0.21	0.26	0.11	0.19	0.24	0.19	0.31	0.32
Disposal of the total value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Jordan Phosphate Mines Co.Ltd.

Due to unavailability of data.

unavailability of data. The share of management from value added ranged from 0.07 per cent in 1977 to 0.24 per cent in 1975. It shows a decreasing trend in 1976 and 1977 as against 1975, increased in 1978 as against 1977, a decreasing trend in 1979, 1980 and 1981 as against 1978, increased in 1982 as against 1981 and a decreasing trend from 1983 to 1985 as compared to 1982. The share of the universities from value added ranged from 0.11 per cent in 1980 to 0.34 per cent in 1975. It shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978 and 1979 as compared to 1977, decreased in 1980 as against 1979, an increasing trend in 1981 and 1982 as compared to 1980, decreased in 1983 as against 1982 and an increasing trend in 1984 and 1985 as compared to 1983.

From the analysis it may be concluded that the Jordan Phosphate Mines Company Limited generated favourable percentage of value added in cost of the years under study. The largest share of value added has gone to the government followed by reserves, employees, shareholders, universities and management.

The Industrial Commercial and Agricultural Co. Ltd.

The generation of the value added and application of value added of the Industrial Commercial and Agricultural Co. Ltd. during the period under study have been given in two tables viz. table 4.16 and table 4.17 respectively

The table 4.16 shows the percentage of income from sales range from 97.36 per cent in 1975 to 100.00 per cent in 1982, 1983 and 1984. It increased in 1976 as against 1975, a declining trend in 1977, 1978 and 1979 as against 1976, an increasing trend

Table : 4.16
Generation of Value Added of the Industrial, Commercial and Agricultural Co.Ltd.

Items	Years									
	1975	1976	1977	1978	1979	1980	1981	1982	1984	1985
(Amount in JDs)										
Net Sales	2243442 (97.36)	3309430 (99.49)	3739202 (98.10)	3577506 (97.87)	3752029 (97.61)	4909843 (97.82)	6799448 (99.76)	7599833 (100.00)	6169382 (100.00)	5752345 (99.53)
Income from Services	62545 (2.64)	16580 (0.51)	72237 (1.50)	77745 (2.13)	91736 (2.39)	109308 (2.16)	16698 (0.24)	- (0.00)	- (0.00)	27257 (0.47)
(A)	2355987 (100.00)	3326410 (100.00)	3811539 (100.00)	3655251 (100.00)	3843764 (100.00)	5018151 (100.00)	6816343 (100.00)	7599833 (100.00)	6169382 (100.00)	5778602 (100.00)
Bought-in of Materials and Services (B)	1754378 (74.46)	2492145 (74.62)	2993351 (78.46)	3514932 (90.69)	3470087 (90.49)	4460319 (98.88)	5830371 (85.65)	6650963 (27.51)	5741213 (86.57)	5542959 (95.91)
Materials	1704048 (72.33)	2415534 (72.59)	2781464 (72.97)	3096562 (84.71)	3238443 (84.25)	4192832 (83.35)	5522325 (81.02)	6029247 (79.33)	4922989 (86.45)	5097256 (88.19)
Services	50730 (2.13)	67611 (2.03)	208887 (5.49)	218270 (5.93)	239644 (6.24)	277487 (5.53)	315746 (4.63)	621716 (8.18)	378524 (6.12)	445703 (7.72)
Value added by the Company (A-B)	601609 (25.54)	844285 (25.38)	921189 (21.54)	340419 (9.31)	365677 (9.51)	557932 (11.12)	978272 (14.35)	948870 (12.49)	823169 (13.43)	236643 (4.09)

Sources : Computed from the annual reports of the Industrial Commercial and Agricultural Co.Ltd.

Note : Figures in Parenthesis show percentage to total Income.

from 1980 to 1984 as compared to 1979 and declined in 1985 as against 1984. The income from services ranged from zero in 1982, 1983 and 1984 to 2.64 per cent in 1975. It decreased in 1976 as against 1975, an increasing trend in 1977, 1978 and 1979 as compared to 1976, shows a declining trend from 1980 to 1984 as against 1979 and increased in 1985 as compared to 1984. The cost of bought-in of materials and services ranged from 74.46 per cent in 1975 to 95.91 per cent in 1985. It shows an increase in 1976, 1977 and 1978 as compared to 1975, a decreasing trend in 1979, 1980 and 1981 as compared to 1978, increased in 1982 as against 1981, a declining trend in 1983 and 1984 as compared to 1982 and increased in 1985 as against 1984. Analysing the cost of bought-in of materials and services separately, the cost of material ranged from 72.33 per cent in 1975 to 88.19 per cent in 1985. It shows an increasing trend in 1976, 1977 and 1978 as compared to 1975, a decline from 1979 to 1982 as compared to 1978 and shows a fluctuating trend in the rest of the years under study. The cost of services ranged from 2.03 per cent in 1976 to 11.33 per cent in 1984. It declined in 1976 as against 1975, an increasing trend in 1977, 1978 and 1979 as compared to 1976, a declining trend in 1977, 1978 and 1979 as compared to 1976, a declining trend in 1980 and 1981 as against 1979 and shows a fluctuating trend in the remaining period under study. The value added generated by the Industrial Commercial and Agricultural Co. Ltd. ranged from 4.09 per cent in 1985 to 25.54 per cent in 1975. It shows a declining trend in 1976, 1977 and 1978 as compared to 1975, an increasing trend in 1979, 1980 and 1981 as compared to 1978,

declined in 1982 as against 1981, an increasing trend in 1983 and 1984 as compared to 1982 and decreased in 1985 as against 1984.

Table 4.17 shows the share of employees from value added ranged from 24.43 per cent in 1981 to 57.87 per cent in 1984. It shows an increasing trend in 1976 and 1977 as against 1975, decreased in 1978 as against 1977, increased in 1979 as against 1978, a decreasing trend in 1981 and 1982 as against 1979 and a fluctuating trend from 1982 to 1984. The share of the shareholders from value added ranged from 16.24 per cent in 1982 to 43.09 per cent in 1980. It shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978, 1979 and 1980 as against 1977, a decreasing trend in 1981 and 1982 as against 1980 and an increasing trend in 1983 and 1984 as compared to 1982. The share of value added to the government ranged from 6.72 per cent in 1984 to 28.60 per cent in 1981. It increased in 1976 as against 1975, a decreasing trend in 1977, 1978 and 1979 as compared to 1976, an increasing trend in 1980 and 1981 as compared to 1979 and a decreasing trend from 1982 to 1984 as compared to 1981. The share of the management from the value added ranged from 0.97 per cent in 1982 to 2.41 per cent in 1978. It shows a decreasing trend in 1976 and 1977 as compared to 1975, increased in 1978 as against 1977, a decreasing trend from 1979 to 1982 as compared to 1978 and an increasing trend in 1983 and 1984 as compared to 1982. The share of the value added to universities ranged from 0.12 per cent in 1984 to 0.43 per cent in 1980. It shows a decreasing trend in 1976 and 1977 as against 1975, an increasing trend in 1978, 1979 and 1980 as compared to

Table : 4.17

Application of Value added of the Industrial, Commercial and Agriculture Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	26.56	35.01	45.03	39.09	39.61	33.23	24.43	44.92	35.37	57.27	-
Shareholders	39.44	27.45	22.46	31.32	39.64	43.09	31.29	16.24	30.79	31.78	-
Government	26.09	27.69	21.25	17.17	13.15	20.67	28.60	23.86	21.29	6.72	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Reserves	5.59	8.35	10.01	9.70	4.97	0.96	14.33	13.70	14.16	2.30	-
Interests	-	-	-	-	-	-	-	-	-	-	-
Managements	1.93	1.24	1.02	2.41	2.23	1.62	1.04	0.97	1.15	1.21	-
Universities	0.39	0.27	0.23	0.31	0.39	0.43	0.31	0.31	0.25	0.12	-
Disposal of the total value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Industrial, Commercial and Agricultural Co.Ltd.

1977 and a decreasing trend from 1981 to 1984 as compared to 1980.

From the above given analysis, it may be concluded that the Industrial Commercial and Agricultural Company Limited generated unfavourable percentage of value added and could be considered as unhealthy unit. The largest share of the value added has gone to the employees followed by shareholders, government, reserves, management and universities. Thus one may conclude that the management has not succeeded in fulfilling its responsibility towards the society.

The Jordan Pipes Manufacturing Co. Ltd.

The generation of value added and application of value added of the Jordan Pipes Manufacturing Co. Ltd. during the period of study have been given in the following two tables viz. table 4.18 and table 4.19 respectively

The table 4.18 shows the percentage of sales from total revenues ranged from 99.47 per cent in 1980. It shows a fluctuating trend from 1978 to 1981, a declining trend in 1981, 1982 and 1983 as against 1980 and a fluctuating trend from 1983 to 1985. The income from services ranged from 0.02 per cent in 1980 to 0.53 per cent in 1985. It shows a fluctuating trend from 1978 to 1981, an increasing trend in 1981, 1982 and 1983 as compared to 1980 and again a fluctuating trend from 1983 to 1985. The cost of bought-in of materials and services ranged from 69.83 per cent in 1985 to 80.63 per cent in 1978. It shows a decreasing trend in 1979 and 1980 as against 1978, increased in 1981 as against 1980 and a decreasing trend in the remaining years under

Table : 4.18
Generation of Value Added of the Jordan Pipes Manufacturing Co.Ltd.

Items	(Amount in JDs)									
	Years									
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Net Sales	-	-	-	1165553 (59.97)	2576776 (99.71)	2933316 (59.98)	3356255 (99.83)	3388436 (99.77)	2727300 (99.68)	3396131 (99.92)
Income from Services	-	-	-	337 (0.03)	2235 (0.09)	441 (0.02)	6142 (0.17)	7611 (0.23)	5865 (0.22)	2772 (0.03)
(A)	-	-	-	1165890 (100.00)	2578609 (100.00)	2933757 (75.20)	3362397 (80.26)	3296047 (78.03)	2736165 (72.28)	3382953 (71.60)
Bought-in of Materials and Services (B)	-	-	-	940092 (80.63)	1971994 (76.49)	2206175 (75.20)	2859316 (80.26)	2571824 (78.03)	1977946 (72.29)	2422338 (71.60)
Materials	-	-	-	902841 (77.44)	1823305 (70.94)	2070908 (70.59)	2708380 (76.02)	2482956 (75.33)	1886355 (68.95)	2316718 (68.48)
Services	-	-	-	37251 (3.19)	142689 (5.54)	135267 (4.61)	151036 (4.24)	88868 (2.70)	91291 (3.34)	105620 (3.12)
Value added by the Company (A-B)	-	-	-	225798 (19.37)	606615 (23.52)	727582 (24.80)	703081 (19.74)	724223 (21.97)	739219 (27.71)	960615 (28.40)

Sources : Computed from the annual reports of the Jordan Pipes Manufacturing Co.Ltd.

Note : Figures in Parenthesis show percentage to total Income.

study as compared to 1981. Analysing the cost of bought-in of materials and services separately, the cost of materials ranged from 67.67 per cent in 1985 to 77.44 per cent in 1978. It shows a declining trend in 1979 and 1980 as against 1978, increased in 1981 as against 1980 and shows a decreasing trend in the remaining period under study as compared to 1981. The cost of services ranged from 2.16 per cent in 1985 to 5.54 per cent in 1979. It increased in 1979 as against 1978, a decreasing trend in 1980, 1981 and 1982 as compared to 1979, increased in 1983 as against 1982 and shows a declining trend in 1984 and 1985 as compared to 1983. The percentage of value added generated by the Jordan Pipes Manufacturing Co. Ltd. ranged from 19.37 per cent in 1978 to 30.17 per cent in 1985. It shows an increasing trend in 1979 and 1980 as against 1978, decreased in 1981 as against 1980 and shows an increasing trend in the remaining years under study as compared to 1981.

The table 4.19 shows the percentage of value added to the employees range from 28.59 per cent in 1985 to 45.80 per cent in 1981. It decreased in 1979 as against 1978, an increasing trend in 1980 and 1981 as against 1979, decreased in 1982 as against 1981, increased in 1983 as against 1982 and a decreasing trend in 1984 and 1985 as compared to 1983. The share of the shareholders from value added ranged from 23.52 per cent in 1983 to 49.24 per cent in 1985. It increased in 1980 as against 1979, a decreasing trend from 1981 to 1983 as against 1980 and an increasing trend in 1984 and 1985 as compared to 1983. The company does not have to pay taxes to the government over the period of study. The

Table : 4.19

Application of Value added of the Jordan Pipes Manufacturing Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application of disposal of value added to :											
Employees	-	-	-	38.57	29.28	31.75	45.80	39.05	40.15	55.52	38.50
Shareholders	-	-	-	-	24.93	27.56	26.89	25.91	25.52	54.29	47.24
Government	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	29.60	21.21	15.84	16.34	16.22	16.19	15.17	11.15
Reserves	-	-	-	-	3.84	3.45	5.29	3.10	2.95	3.53	5.55
Interests	-	-	-	31.85	17.03	15.64	9.31	15.01	14.65	7.42	5.67
Managements	-	-	-	-	2.83	2.45	2.57	2.44	2.38	2.26	1.17
Universities	-	-	-	-	0.25	0.51	0.29	0.27	0.25	0.25	0.50
Disposal of the total Value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Jordan Pipes Manufacturing Co.Ltd.

share of depreciation from the vlaue added ranged from 11.18 per cent in 1985 to 29.60 per cent in 1978. It shows a decreasing trend in 1979 and 1980 as compard to 1978. increased in 1981 as against 1980 and a decreasng trend from 1982 to 1985 as compared to 1981. The share of reserves from the vlaue added ranged from 2.95 per cent in 1983 to 5.65 per cent in 1985. It shows a decreasing trend from 1979 to 1983 as compared to 1979 and an increasing trend from 1979 to 1983 as compared to 1979 and an increasing trend in 1984 and 1985 as against 1983. The share of interest from the value added ranged from 3.67 per cent in 1985 to 31.83 per cent in 1978. It shows a fluctuating trend from 1978 to 1982, increased in 1983 as against 1982 and a decreasing trend in 1984 and 1985 as compared to 1983. The share of management from value added ranged from 1.17 per cent in 1985 to 2.83 per cent in 1979. It shows a fluctuating trend from 1979 to 1981 and a decreasing trend from 1982 to 1985 as compared to 1985. The share of vlaue added to the universities ranged from 0.26 per cent to 0.50 per cent in 1985. It increased in 1980 as against to 1979, a decreasing trend from 1981 to 1982 as against 1980 and an increasing trend in 1984 and 1985 as against 1983. The share of value added to shareholders, reserves, management, and universities in 1978 are not given because the company incurred losses.

On the basis of forgoing analysis, it may be concluded that the Jordan Pipes Manufacturing Co. Ltd. generated good value added but not quite sufficient and could be considered as unhealthy unit. The largest share of the vlaue added has gone to employees* followed by shreholders, depreciation, interest,

reserves, management and universities. Thus, one may conclude that the management has not succeeded in fulfilling properly its responsibility towards the society.

The Arab Potash Co. Ltd.

The generation of value added of the Arab Potash Co. Ltd. during the period of study is represented in table 4.20.

The Arab Potash Co. Ltd. was established in 1956 but due to unavoidable circumstances, the company could not start its production at commercial level in early years. However, the company started its production at commercial level in 1983.

The table 4.20 shows the percentage of sales from the total revenue ranged from 93.99 per cent in 1983 to 97.95 per cent in 1984. It shows a fluctuating trend from 1983 to 1985. The income from services ranged from 2.09 per cent in 1984 to 6.01 per cent in 1983. It shows a fluctuating trend from 1983 to 1985. The cost of bought - in of materials and services ranged from 76.50 per cent in 1985 to 162.03 per cent in 1983. It shows a declining trend in 1984 and 1985 as compared to 1983, Analysing the cost of bought - in of materials and services separately, the cost of materials ranged from 70.90 per cent in 1985 to 154.56 per cent in 1983. It shows a decreasing trend in 1984 and 1985 as compared to 1983. The cost of services ranged from 5.60 per cent in 1985 to 10.50 per cent in 1984. It shows a fluctuating trend from 1983 to 1985. The value added generated by the company shows a negative sign in 1983 and 1984 and positive percentage in 1985.

On the basis of the above given analysis, it may be concluded that the Arab Potash Co. Ltd. generated value added

Table : 4.20
Generation of Value Added of the Arab Potash Co.Ltd.

(Amount in JDs)

Items	Years						
	1975	1976	1977	1978	1979	1980	1981
Net Sales	-	-	-	-	-	-	-
Income from Services	-	-	-	-	-	-	-
(A)	-	-	-	-	-	-	-
Bought-in of Materials and Services (B)	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-
Value added by the Company (A-B)	-	-	-	-	-	-	-

Sources : Computed from the annual reports of the Arab Potash Co.Ltd.

Note : Figures in Parenthesis show percentage to total Income.

negatively in 1983 and 1984 but generated sufficient amount of value added in 1985. The company could therefore, be considered as unhealthy unit. Thus, one may conclude that the management has, made successful measures succeeded in converting the generation of value added from negative sign of (-)62.03 per cent in 1983 and (-)17.86 per cent in 1984 to 23.50 per cent in 1985.

The Jordan Spinning and Weaving Co. Ltd.

The generation of value added and application of value added of the Jordan Spinning and Weaving Co. Ltd. during the period under study have been given in the two tables viz; table 4.21 and table 4.22 respectively.

The table 4.21 shows the percentage of income from sales ranged from 92.35 per cent in 1985 to 97.88 per cent in 1982. It shows a fluctuating trend from 1978 to 1981, an increasing trend in 1981 and 1982 as against 1980 and a fluctuating trend from 1982 to 1985. The income from services ranged from 2.12 per cent in 1982 to 7.69 per cent in 1985. It shows a fluctuating trend from 1978 to 1981, a declining trend in 1981 and 1982 as compared to 1980 and a fluctuating trend from 1982 to 1985. The percentage of bought-in of materials and services ranged from 60.73 per cent in 1985 to 117.28 per cent in 1979. It increased in 1979 as against 1978, shows a decreasing trend in 1980 and 1981 as against 1979, increased in 1982 as against to 1981 and a declining trend in the rest of the years under study as compared to 1982. Analysing the cost of bought - in of materials and services separately, the cost of materials ranged from 52.74 per cent in 1985 to 94.55 per cent in 1978. It shows a declining trend

Table : 4.21
Generation of Value Added of the Jordan spinning and Weaving Co. Ltd.

Items	(Amount in JDs)										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net Sales	-	-	-	630095 (95.66)	919533 (97.97)	324996 (97.15)	740599 (97.69)	1694955 (97.88)	1940072 (94.32)	3033379 (94.44)	2451133 (92.75)
Income from Services	-	-	-	28563 (4.34)	20227 (2.41)	24159 (2.85)	18218 (2.40)	23419 (2.12)	117139 (5.63)	178570 (5.56)	203154 (7.69)
(A)	-	-	-	658649 (100.00)	339760 (100.00)	849085 (100.00)	758817 (100.00)	1107494 (100.00)	2065211 (100.00)	3215049 (100.00)	2654287 (100.00)
Bought-in of Materials and Services (B)	-	-	-	676162 (102.66)	994845 (117.28)	787617 (92.76)	592560 (75.09)	1174166 (106.02)	1369494 (66.38)	2124622 (66.06)	1612059 (60.73)
Materials	-	-	-	622737 (94.55)	755109 (87.54)	639113 (75.27)	444467 (53.57)	996670 (89.83)	1137439 (55.11)	1898525 (59.05)	1399970 (52.74)
Services	-	-	-	53425 (8.11)	249743 (29.74)	148504 (17.49)	148093 (19.53)	179296 (16.19)	232056 (11.27)	225497 (7.01)	212669 (7.99)
Value added by the Company (A-B)	-	-	-	-35911 (-12.66)	-145085 (-17.28)	61468 (7.24)	166257 (21.91)	-66682 (-6.02)	693717 (33.62)	1091027 (33.94)	1042228 (39.27)

Sources : Computed from the annual reports of the Jordan Spinning and Weaving Co. Ltd.

Note : Figures in Parenthesis show percentage to total Income.

in 1979, 1980, 1981 and 1982 as compared to 1978 and a fluctuating trend in the remaining years under study. The cost of services ranged from 7.01 per cent in 1984 to 29.74 per cent in 1979. It shows a fluctuating trend from 1978 to 1982, a decreasing trend from 1983 to 1985. The value added generated by the Jordan Spinning and Weaving Co Ltd. ranged from (-)17.28 per cent in 1979 to 39.27 per cent in 1985. It shows a negative sign in 1978 and 1979 as (-)2.66 per cent and (-)17.28 per cent respectively, an increasing trend in 1980 and 1981 as against 1979, again a negative sign as (-)6.02 per cent in 1982 and an increasing trend in 1983, 1984 and 1985 as compared to 1982.

The table 4.22 shows the share of employees from value added ranged from 37.11 per cent in 1983 to 53.78 per cent in 1981. It shows a decreasing trend in 1979 and 1980 as compared to 1978, increased in 1981 as against 1980, a decreasing trend in 1982 and 1983 as compared to 1981 and an increasing trend in 1984 and 1985 as against 1983. The share of value added to the shareholders ranged from 16.79 per cent in 1984 to 27.15 per cent in 1983. It shows a fluctuating trend from 1983 to 1985. The company does not have to pay any taxes to the government over the period of study to encourage the company's production. The share of depreciation from value added ranged from 20.15 per cent 1985 to 53.07 per cent in 1982. It shows a decreasing trend in 1979 and 1980 as compared to 1978, an increasing trend in 1981 and 1982 as against 1980 and a decreasing trend from 1983 to 1985 as compared to 1982. The share of reserves to value added ranged from 3.01 per cent in 1983 to 4.22 per cent in 1984. It shows a fluctuating

Table : 4.22

Application of Value added of the Jordan Spinning and Weaving Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	-	-	-	46.13	44.56	41.05	55.78	43.38	37.11	39.13	44.90
Shareholders	-	-	-	-	-	-	-	-	27.15	16.79	24.55
Government	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	31.61	30.38	28.85	45.10	53.07	30.52	22.94	20.15
Reserves	-	-	-	-	-	-	-	-	3.01	4.22	3.54
Interests	-	-	-	22.26	24.81	29.68	-	3.09	1.71	16.21	51.19
Managements	-	-	-	-	0.25	0.42	1.12	0.46	0.50	9.64	1.35
Universities	-	-	-	-	-	-	-	-	-	0.07	0.31
Disposal of the total value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from annual reports of the Jordan Spinning and Weaving Co.Ltd.

Note : Commercial Production of spinning and Weaving Co.Ltd. Started after 1977

Note : The company incurred losses till 1983 so there is no share for Universities, Management, reserves and shareholders when the company does not get profits.

trend from 1983 to 1985. The share of interests to value added ranged from 1.71 per cent in 1983 to 29.68 per cent in 1980. It shows an increasing trend in 1979 and 1980 as compared to 1978, a decreasing trend in 1982 and 1983 as against 1980, increased in 1984 as against 1983 and decreased in 1985 as against 1984. The share of value added to reserves are not given due to the unavailability of data regarding reserves. The share of value added to management ranged from 0.25 per cent in 1979 to 1.35 per cent in 1985. It shows an increasing trend in 1980 and 1981 as compared to 1979, decreased in 1982 as against 1981 and an increasing trend from 1983 to 1985 as compared to 1982. The share of the universities from value added ranged from 0.07 per cent in 1984 to 0.31 per cent in 1985. It increased in 1985 as compared to 1984.

From the given analysis, it may be concluded that the Jordan Spinning and Weaving Company Limited generated sufficient percentage of value added in some years and the value added has gone to employees followed by depreciation, shareholders, interest, reserves, management and universities. Thus one may conclude that the management has succeeded in improving the percentage of value added especially after 1982.

The Jordan Cement Factories Co. Ltd.

The generation of value added and application of value added of the Jordan Cement Factories Co. Ltd. for the period of study have been given in the following two tables viz., table 4.23 and table 4.24 respectively.

Table 4.23 shows that the percentage of income from services

Table : 4.23
Generation of Value Added of the Jordan Cement Factories Co. Ltd.

Items	(Amount in JDs)										
	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net Sales	538290 (97.87)	433362 (95.98)	5384738 (97.01)	5580117 (99.56)	19942727 (98.53)	23538337 (99.74)	31354557 (99.82)	43540276 (99.89)	40090133 (99.68)	43944949 (99.97)	47793355 (99.39)
Income from Services	117260 (2.13)	183388 (4.02)	166218 (2.99)	24735 (0.44)	297045 (1.47)	60384 (0.26)	56607 (0.13)	48562 (0.11)	127329 (0.32)	12967 (0.03)	289501 (0.61)
(A)	5499550 (100.00)	4567070 (100.00)	5550956 (100.00)	5604952 (100.00)	20239772 (100.00)	23398771 (100.00)	31411564 (100.00)	43548838 (100.00)	40217462 (100.00)	43957776 (100.00)	48088359 (100.00)
Bought-in of Materials and Services (B)	3002910 (54.60)	3453796 (75.62)	3296721 (59.39)	269782 (48.14)	15773528 (92.87)	20166997 (86.23)	24217488 (77.08)	34227269 (78.82)	20648437 (51.34)	19840484 (45.13)	22467454 (46.72)
Materials	2942870 (53.55)	3379801 (74.00)	3179061 (57.27)	2545787 (45.42)	16529502 (81.67)	19875764 (84.98)	23745805 (75.59)	33738959 (77.47)	19882062 (49.43)	18706502320721863 (42.55)	1745591 (3.64)
Services	58040 (1.05)	73995 (1.62)	117660 (2.12)	152195 (2.72)	244026 (1.20)	291233 (1.25)	467683 (1.49)	58830 (1.35)	766375 (1.91)	1134461 (2.58)	1745591 (3.64)
Value added by the Company (A-B)	2496440 (45.40)	1113274 (24.38)	2254235 (40.61)	2906870 (51.86)	3466244 (17.13)	32217774 (13.77)	7198076 (22.92)	9221378 (21.18)	19569025 (45.66)	24117292 (54.87)	25620905 (53.28)

Sources : Computed from the annual reports of the Jordan Cement Factories Co. Ltd.

Note : Figures in Parenthesis show percentage to total Income.

ranged from 95.98 per cent in 1976 to 99.97 per cent in 1984. It decreased in 1976 as against 1975, shows an increasing trend in 1977 and 1978 as against 1976, decreased in 1979 as against 1978, an increasing trend in 1980, 1981 and 1982 as compared to 1979 and a fluctuating trend from 1982 to 1985. The income from services ranged from 0.03 per cent in 1984 to 4.02 per cent in 1976. It increased in 1976 as against 1975, shows a declining trend in 1977 and 1978 as against 1976, increased in 1979 as against 1978, a declining trend from 1980 to 1982 as compared to 1979 and a fluctuating trend from 1982 to 1985. The cost of bought - in of materials and services ranged from 45.13 per cent in 1984 to 86.23 per cent in 1980. It increased in 1976 as against 1975, a declining trend in 1977 and 1978 as compared to 1976, an increasing trend in 1979 and 1980 as compared to 1978, a fluctuating trend from 1980 to 1983, a declining trend in 1983 and 1984 as against 1982 and slightly increased in 1985 as against 1984. Analysing the cost of materials and services separately, the cost of materials ranged from 42.55 per cent in 1984 to 84.98 per cent in 1980. It increased in 1976 as against 1975, a decreasing trend in 1977 and 1978 as compared to 1976, an increasing trend in 1979 and 1980 as compared to 1978, a fluctuating trend from 1980 to 1983, a declining trend in 1983 and 1984 as against 1984 and increased in 1985 as against 1984. The cost of services ranged from 1.05 per cent in 1975 to 3.64 per cent in 1985. It shows an increasing trend in 1976, 1977 and 1978 as compared to 1975, decreased in 1979 as against 1978, an increasing trend in 1980 and 1981 as against 1979, decrease in 1982 as against 1981 an increasing trend in the rest of the years

under study. The value added generated by the Jordan cement factories Co. Ltd. ranged from 13.77 per cent in 1980 to 54.87 per cent in 1984. It decreased in 1976 as against 1975, an increasing trend in 1977 and 1978 as compared to 1976, a declining trend in 1979 and 1980 as compared to 1978, a fluctuating trend from 1980 as compared to 1976, a declining trend in 1979 and 1980 as compared to 1978, a fluctuating trend from 1980 to 1983, an increasing trend in 1983 and 1984 as against 1982 and slightly decreased in 1985 as compared to 1984.

Table 4.24 shows the share of value added to employees ranged from 14.14 per cent in 1984 to 26.98 per cent in 1982. It increased in 1982 as against 1981, shows a decreasing trend in 1983 and 1984 as compared to 1982 and increased in 1985 as against 1984. The share of employees from value added from 1975 to 1980 are not given because the data is not available in profit and loss accounts regarding employees. The share of value added to shareholders ranged from 12.74 per cent in 1983 to 34.04 per cent in 1977. It shows an increasing trend in 1976 and 1977 as compared to 1975, a fluctuating trend from 1978 to 1980, a decreasing trend in 1980 and 1981 as compared to 1979 and a fluctuating trend from 1981 to 1984. The share of value added to the government ranged from 0.24 per cent in 1985 when the company incurred losses of 62.84 per cent in 1975. It shows a fluctuating trend from 1975 to 1977, increased in 1978 as against 1977, shows a decreasing trend from 1979 to 1983, increased in 1984 as against 1983 and decreased in 1985 as against 1984. The share of depreciation from value added ranged from 10.82 per cent in 1983

Table : 4.24

Application of Value added of the Jordan Cement Factories Co.Ltd.

Item	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Application or disposal of value added to :											
Employees	-	-	-	-	-	-	22.56	26.98	14.99	14.14	20.75
Shareholders	18.63	33.76	34.04	27.09	27.47	19.10	18.15	20.33	12.74	15.24	-
Government	62.84	16.73	22.13	22.13	22.25	24.43	12.92	11.71	11.09	7.74	3.92
Depreciation	-	38.66	30.82	22.98	26.93	47.45	26.89	22.50	10.82	24.59	44.42
Reserves	17.29	10.20	5.84	13.09	11.97	8.08	3.46	3.56	43.31	11.84	-
Interests	-	-	6.59	14.17	11.69	12.13	17.04	15.19	10.31	24.11	34.59
Managements	0.48	0.32	0.24	0.17	0.21	0.13	0.10	0.14	0.05	0.93	-
Universities	0.76	0.33	0.54	0.25	0.50	0.19	0.18	0.21	0.13	0.13	-
Disposal of the total Value added	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources : Computed from the annual reports of the Jordan Cement Factories Company Limited.

to 47.45 per cent in 1980. It shows a decreasing trend in 1977 and 1978 as compared to 1976, an increasing trend in 1979 and 1980 as compared to 1978, a decreasing trend from 1981 to 1983 as against 1980 and an increasing trend in 1984 and 1985 as against 1983. The share of reserves from value added ranged from 3.46 per cent in 1981 to 43.31 per cent in 1983. It shows a decreasing trend in 1976 and 1977 as compared to 1975, increased in 1978 as against 1977, and shows a decreasing trend from 1979 to 1981 as compared to 1978 and an increasing trend in 1982, 1983 and 1984 as compared to 1981. The share of interest from value added ranged from 6.59 per cent in 1977 to 34.59 per cent in 1985. It shows a fluctuating trend from 1977 to 1980, increased in 1981 as against 1980, a decreasing trend in 1982 and 1983 as against 1981 and an increasing trend in 1984 and 1985 as compared to 1983. The share of management from value added ranged from 0.03 per cent in 1984 to 0.48 per cent in 1975. It shows a decreasing trend from 1976 to 1978 as against 1975, increased in 1979 as against 1978, a decreasing trend in 1980 and 1981 as compared to 1979, again increased in 1982 as against 1981 and shows a decreased trend in 1983 and 1984 as compared to 1982. The share of the universities from value added ranged from 0.13 per cent in 1983 and 1984 to 0.76 per cent in 1975. It shows a fluctuating trend from 1975 to 1980, decreased in 1981 as against 1980, increased in 1982 as against 1981 and shows a decreasing trend in 1983 and 1984 as against 1982.

From the above presented analysis, it may be concluded that the Jordan Cement Factories Company Limited generated sufficient value added in some years under the period of study. The largest

share of value added has gone to the depreciation followed by shareholders, employees, government, interest, reserves, universities and management. Thus the management has succeeded in fulfilling, in part, its responsibility towards society at large.

Value Added of the Eight Industrial Companies Taken as a whole

The consolidated generation of value added of the eight industrial companies selected for study during the period under study has been represented in table 4.25.

The table 4.25 shows the percentage of sales to total income ranged from 93.84 per cent in 1979 to 99.08 per cent in 1984. It shows a decreasing trend from 1976 to 1979 as compared to 1975, an increasing trend in 1980, 1981 and 1982 against 1979 and a fluctuating trend from 1982 to 1985. The income from services ranged from 0.92 per cent in 1984 to 6.16 per cent in 1979. It shows an increasing trend from 1976 to 1979 as compared to 1975, a declining trend in 1980, 1981 and 1982 as against 1979 and a fluctuating trend from 1982 to 1985. The cost of bought - in of materials and services ranged from 71.50 per cent in 1978 to 89.59 per cent in 1983. It increased slightly in 1976 as against 1975, and shows a declining trend in 1977 and 1978 as compared to 1976, a fluctuating trend from 1977 to 1981, an increasing trend in 1981, 1982 and 1983 as compared to 1980 and a decreasing trend in 1984 and 1985 as against 1983. Analysing the cost of bought - in of materials and services separately, the cost of materials ranged from 54.27 per cent in 1978 to 83.26 per cent in 1983. It shows a declining trend from 1976 to 1978 as against 1975, an increasing trend from 1979 to 1983 as compared to 1978 and a

Table : 4.25
Consolidated Generation of Value Added of the eight companies under study.

Items	(Amount in JRs)										
	Years										
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Net Sales	41132400 (95.88)	44725363 (95.66)	47407975 (95.51)	56113950 (95.02)	82824703 (93.84)	1.1E+08 (99.97)	1.4E+08 (99.97)	1.7E+08 (96.40)	3.5E+08 (98.03)	4.3E+08 (99.08)	4.4E+08 (98.61)
Income from Services	1769143 (4.12)	2033877 (4.32)	2228527 (4.49)	2940303 (4.95)	5438860 (6.16)	4727707 (4.07)	5065883 (5.60)	3281340 (1.72)	7234395 (2.01)	3954891 (6.92)	5286495 (11.19)
(A)	42901543 (100.00)	46759240 (100.00)	49636502 (100.00)	59054153 (100.00)	68266563 (100.00)	1.2E+08 (100.00)	1.4E+08 (100.00)	1.7E+08 (100.00)	3.6E+08 (100.00)	43084192 (100.00)	4.4E+08 (100.00)
Bought-in of Materials and Services (B)	32291655 (75.27)	35340231 (75.58)	35610310 (71.74)	42220871 (71.50)	64507914 (72.86)	83584466 (72.08)	1.1E+08 (78.46)	1.4E+08 (81.95)	3.3E+08 (89.59)	3.8E+08 (87.97)	3.8E+08 (85.82)
Materials	27319507 (63.68)	27206697 (58.18)	26991992 (54.38)	32047049 (54.37)	50650266 (57.38)	68853597 (56.38)	93794289 (66.68)	1.2E+08 (75.58)	3.0E+08 (83.26)	3.5E+08 (81.06)	3.5E+08 (78.97)
Services	4972148 (11.59)	8133534 (17.40)	8618318 (17.23)	10173822 (15.48)	13657648 (12.70)	16562685 (11.78)	15997210 (9.37)	22736808 (9.37)	29909378 (6.33)	30425134 (6.91)	30425134 (6.85)
Value added by the Company (A-B)	10609888 (24.73)	11419009 (24.42)	14026192 (28.26)	16833282 (28.50)	23955649 (27.14)	32363513 (27.92)	30296131 (21.54)	30814428 (18.05)	37410629 (10.41)	51809313 (12.03)	62924272 (14.18)

Sources : Computed from the annual reports of the eight companies under study

Note : Figures in Parenthesis show percentage to total Income.

declining trend in 1984 and 1985 as against 1983. The cost of services ranged from 6.33 per cent in 1983 to 17.40 per cent in 1976. It increased in 1976 as against 1975, shows a declining trend from 1977 to 1983 as compared to 1976 and a fluctuating trend from 1983 to 1985. The percentage of value added generated by the eight selected companies ranged from 10.41 per cent in 1983 to 28.50 per cent in 1978. It is slightly decreased in 1976 as against 1975, an increasing trend in 1977 and 1978 as compared to 1976, a fluctuating trend from 1977 to 1981, a declining trend in 1981, 1982 and 1983 as compared to 1980 and an increasing trend in 1984 and 1985 as against 1983.

On the basis of the above given analysis, it may be concluded that on an average, the Arab Pharmaceutical Manufacturing Co. Ltd. Proved true to its reputation during the period of study and thus it may be considered as healthy unit. The average generation of value added of the Arab Pharmaceutical Manufacturing Co. Ltd. is 35.91 per cent followed by the Jordan Cement Factories Co. Ltd. with 35.82 per cent, Jordan Pipes Manufacturing Co. Ltd with 24.46 per cent, Jordan Phosphate Mines Co. Ltd. with 22.66 per cent, Jordan Petroleum Refinery Co. Ltd. with 20.40 per cent, Industrial Commercial and Agricultural Co. Ltd. with 15.33 per cent, Jordan Spinning and Weaving Co. Ltd. with 13.78 per cent and lastely by the Arab Potash Co. Ltd. with (-)18.80 per cent.

Analysing the application of value added of the different industrial companies, on an average, the largest share of the value added has gone to employees (in the form of salaries and

wages, Welfare etc.) followed by shareholders (in the form of distributable profit), government (in the form of excise duty and taxation), depreciation, management and universities.

Thus, it may be concluded that the Arab Pharmaceutical Manufacturing Co. Ltd. Jordan Cement Factories Co. Ltd., Jordan Pipes Manufacaturing Co. Ltd., Jordan Phosphate Mines Co. Ltd. and Jordan Petroleum Refinery Co. Ltd. have succeeded in generating sufficient value added. However, the remaining industrial companies under study have not succeeded in fulfilling their social responsibilities toward the society.