



**MBF 723**

**FINANCE AND  
INVESTMENT ANALYSIS**

**Course Guide**

**MBF723****FINANCE AND INVESTMENT ANALYSIS**

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## **Introduction**

MBF723: Finance and Investment Analysis is a semester course of two credit hours. It will be available to students in MBA programme in the School of Business and Human Resources Management.

The course consists of 15 units that encompass basic issues in finance and investment analysis and their implication on financial decision making.

The course guide tells you what the course MBF723 is all about the course materials you will be using and how to use of them to ensure success. Other information contained include how to make use of your time, information on tutor marked assignments/questions. There will be tutorial class. Full details concerning the tutorial classes will be conveyed to you at the appropriate time.

## **Course Content**

The course is on meaning and scope of financial analysis, analysis of financial statement, capital budgeting, mathematics of finance, stock valuation, capital structure theory, dividend theory and path finding theory. Capital budgeting in the public sector is also considered.

## **Course Aim**

The aim of this is to expose you to rudiments of finance and investment analysis. This is expected to be achieved by

- a) explaining the meaning and scope of financial analysis;
- b) identifying and explaining tools of financial statement analysis;
- c) identifying and explaining investment approval techniques;
- d) undertaking explanation on the concept of value of money;
- e) explaining the capital structure and dividend theories;
- f) describing capital market efficiency;
- g) explaining the capital budgeting in the public sector;
- h) undertaking computation analysis on above items with illustration and qualitative questions; and
- i) explaining the implication of the above techniques for finance and investment decisions.

## **Objectives**

By the end of the course, you should be able to understand:

- a) the nature, concept and scope of financial analysis;

- b) the concept and techniques of capital budgeting {investment approval};
- c) capital structure and dividend theories and demonstrate their relationship with the value of firms;
- d) the concept of risk and return in the selecting of portfolio of securities or investment for optimal value;
- e) the concept of capital market efficiency;
- f) the application of capital budgeting techniques are the public sector; and
- g) the concept and implications of financial planning and forecasting.

### **Course Material**

This will comprise of

- a) Course Guide
- b) Study units
- c) Textbooks
- d) Assignment guides

### **Study Units**

There are 16 units of this course which should be studied carefully

#### **Module 1**

- Unit 1           Meaning and Scope of Financial Analysis
- Unit 2           Analysis of Financial Statement
- Unit 3           Analysis of Financial Statements: (Continued)

#### **Module 2**

- Unit 1           Capital Budgeting – Introduction
- Unit 2           Capital Budgeting Investment Appraisal I
- Unit 3           Capital Budgeting – Investment Appraisal II
- Unit 4           Capital Budgeting – Investment Appraisal III
- Unit 5           Capital Investment Analysis in the Public Sector

#### **Module 3**

- Unit 1           Mathematics of Finance
- Unit 2           Valuation of Stocks and Bonds

**Module 4**

Unit 1	Capital Structure Theories
Unit 2	Dividend Theories

**Module 5**

Unit 1	Portfolio Theory
Unit 2	Capital Asset Pricing Model
Unit 3	Capital Market Efficiency

**Module 6**

Unit 1	Financial Planning
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The first three units are to give you the meaning and scope of financial analysis and the analysis of financial statements. Units 4-8 concentrate and capital budgeting/investment approval techniques. Unit 9-mathematics of finance explains the concept of values of money and unit 10 discusses its implication in the valuation of stocks as bonds. Units 11 and 12 discuss the capital structure and dividend theories and their implication of the value of firms. Portfolio theories, pricing techniques of the securities and efficiency of capital market were covered in units 13-15. In unit 16 the concept of financial planning is explained.

Each study unit will take at least two hours and it includes the introduction, objectives, main content, self assessment exercises, conclusion, summary and references/further readings. There are the tutor marked assignments/questions. You are expected to study the materials, reflect and do the exercise. Some of the exercises will necessitate your consulting of others relevant printed materials. You are advised to do so. These are to give you additional information. Practise the tutor marked questions for fuller understanding. By so doing, the stated learning objective will be achieved.

**The Modules**

The course is divided into six modules. The first module has three units, the second five units, the third, two units, the fourth, two units the fifth, three units and the last, the sixth has one unit.

The first module traces financial analysis, the second module is on capital budgeting while the third is on mathematics of finance and valuation of stock and bonds. The fourth module treats capital structure

and the dividend theories while the fifth module covers portfolio theories and capital market efficiency.

The last module treats the concept of financial planning.

### **Assignments**

There will be five assignments and you are expected to do all of them by following the schedule presented below

- i. Financial analysis {Units 1,2 and 3}
- ii. Capital budgeting {Units 4,5,6,7 and 8}
- iii. Valuation of stock and bond and time values of money {Unit 9 and 10}
- iv. Capital structure and dividend theories {Unit 11 and 12}
- v. Portfolio theories and capital market efficiency {Unit 13, 14 and 15}
- vi. Financial planning {Unit 16}

### **Assessments**

#### **Tutor Marked Assignment**

In doing the tutor marked assignment, you are expected to apply what you have learnt in the study unit. The assignments which are six are expected to be turned into your tutor for grading. They constitute 40% of the total score.

#### **Final Examination**

At the end of the course, you will write the final examination. It will attract the remaining 60%. This makes the total final score to be 100%.

### **Summary**

MBF723 {Finance and Investment Analysis} exposes you to the techniques of finances and investment analysis. On successful completion of this course, you will be armed with the basic to take optimal finance and investment decisions.