



GEST-S-6003

Module “Financial management”

Course: Introduction to finance

1st semester EMP 2025-26

Module manager: Prof. Laurent Gheeraert

Planning

Date	Time	Lecturer	Place
17/09/25	6 pm – 9 pm	Prof. Laurent Gheeraert	A.005
22/09/25	6 pm – 9 pm	Prof. Laurent Gheeraert	
30/09/25	6 pm – 9 pm	Prof. Laurent Gheeraert	
02/10/25	6 pm – 9 pm	Prof. Laurent Gheeraert	
04/10/25	9 am -12 pm	Prof. Laurent Gheeraert	
07/10/25	6 pm – 9 pm	Prof. Laurent Gheeraert	
09/10/25	6 pm – 9 pm	Prof. Laurent Gheeraert	
15/10/25	6 pm – 9 pm	Prof. Laurent Gheeraert	

Objectives of the course

- Introduce the basic principles in finance
- Present the fundamentals of financial analysis
- Understand how to finance operations
- Understand and compute interest rates
- Get insights on how to value a project and financial assets

Topics covered

1) Introduction to financial statements analysis

- Balance sheet and income statement
 - Financial statement reading
 - Distinction between accounting and market values
 - Definition and use of net working capital, working capital requirement and net liquid balance
- Definition and interpretation of major ratios
 - The levers of financial performance
 - Return on equity (ROE) and its determinants
 - Ratio analysis
 - A critique of ROE and ratio analysis
- Cash flow statement
 - Definition of free cash flows
 - Comparison between cash flow and profit

2) Time value, discounting techniques and investment decisions

- Generalities on interest rate, yield curve and credit
 - Reading interest rates information in the newspaper
 - Description of bond, loans and MFI loans
- Discounting
 - Discounting principles and rules
 - Investment decision
- Usage of interest rate
 - Loan valuation
 - Bond valuation
 - Effective interest rate calculation

3) Review: Analysing an MFI's financial statements

Teaching method

Topics are generally presented by an interactive lecture which includes short exercises and case studies enabling participants to reinforce immediately their understanding of the concepts taught. Active participation from the participants is required.

Course material

Text documents

- CGAP (2002), “Microcredit interest rates”, 12 pages.
- Schmit M. (2020), Introduction to financial analysis, Balance sheet, income statement and accounting principles, (document 1)
- Schmit M. (2020), Introduction to financial analysis, Managerial balance sheet interpretation, (document 2)
- Schmit M. (2020), Introduction to financial analysis, Accounting ratios analysis, (document 3)
- Schmit M. (2020), Cash flow statement analysis, (document 4)
- Schmit M. (2016), Time valuation and asset valuation, pages 1 to 30

Supplementary Text(s)

Cases and additional material will be distributed during the sessions.

Videos to watch before the sessions (strong recommendation)

Please find interesting videos to help you with your learning process:

- **For part 1 of the Introduction to Financial Management Course**

On balance sheet:

<http://www.khanacademy.org/economics-finance-domain/core-finance/housing/home-equity-tutorial/v/introduction-to-balance-sheets>

<http://www.khanacademy.org/economics-finance-domain/core-finance/housing/home-equity-tutorial/v/more-on-balance-sheets-and-equity>

On income statement:

<https://www.khanacademy.org/economics-finance-domain/core-finance/stock-and-bonds/valuation-and-investing/v/introduction-to-the-income-statement>

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-statements/financial-statements-tutorial/v/balance-sheet-and-income-statement-relationship>

On cash-flow statement:

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-statements/cash-accrual-accounting/v/cash-accounting>

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-statements/cash-accrual-accounting/v/accrual-basis-of-accounting>

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-statements/cash-accrual-accounting/v/comparing-accrual-and-cash-accounting>

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-statements/financial-statements-tutorial/v/basic-cash-flow-statement>

- **For part 2 on time value, interest rates and discounting**

<http://www.youtube.com/watch?v=ks33lMoxst0>
http://www.youtube.com/watch?v=4LSktB7Pk_c
<http://www.youtube.com/watch?v=3SgVUIEcOBu>

Evaluation

Written exam

The module “Topics in financial management for microfinance institutions” is composed of two courses:

- A) Introduction to financial management (Prof. L. Gheereart)
- B) Financial management (Prof. H. Tchakouté) (2nd semester)

Two marks A (50%) and B (50%) must set the final mark C of the module.