MONARCH MANAGEMENT INSTITUTE

Open Course Network · Micro-Course 14

COURSE PROSPECTUS

Reading the Story Behind the Profit

A one-week, applied micro-course on reading an income statement — a practical method for judging whether a reported profit reflects a real improvement in the business, worked on one real income statement you carry all the way through, and taught with its limits.

1 wk One weekly module	**6** Sections	**70%** To pass · unlimited attempts

At a glance

Duration	1 week — one weekly module of six sections
Study time	≈ 6 directed hours
Level	Introductory; no prior study of accounting required
Assessment	1 auto-graded scenario assessment · 70% to pass · unlimited attempts
Award	Monarch-endorsed Certificate of Knowledge
Format	Fully online, self-paced

What you will gain

By the end of this course you will be able to apply income-statement analysis to a real organization's income statement — read and classify its revenue, expenses and profit subtotals, compute and interpret the gross, operating and net margins and their trend against a relevant benchmark, and distinguish accounting profit from economic performance — to produce and defend a reasoned assessment of the organization's profit performance, together with an honest statement of what the income statement does not tell you.

> ### And what it counts toward
>
> You earn the Monarch-endorsed Certificate of Knowledge and 1 MMI-Credit. MMI-Credits carry toward MMI program progression (PD-001).

What this course is

Reading the Story Behind the Profit is a fully online, self-paced micro-course on reading an income statement. The balance sheet tells you where a firm stands; the income statement tells you how it performed over a period — the revenue it earned, the expenses it incurred to earn that revenue, and the profit that remained at each stage. This course teaches you to read that performance for yourself, so you can judge whether a reported profit is a real improvement in the business rather than take the bottom line on trust.

You pick one real organization's income statement in the opening section and carry it through all six, finishing with a defended assessment of its profit performance — not a certificate of attendance.

The five-move read you will learn to apply

- **Orient** — whose statement is this, over what period, in what units, analyzed by nature or by function
- **Read the top line** — is the revenue recognized, real and recurring, and separate from cash and one-off gains
- **Walk the profit ladder** — gross profit, operating profit, profit before tax and net income, subtotal by subtotal
- **Normalize** — strip one-off gains and abnormal charges to find the sustainable, repeatable earnings
- **Assess & bound** — margins and their trend against a benchmark, accounting profit against economic profit, then name the limits

Who this course is for

- Managers who must judge whether their own firm's, a customer's, a supplier's or a target's reported profit is sound
- Founders and operators who set prices, sign contracts and reward performance and must know what the profit line really carries
- Reflective managers and students who want a rigorous, applied grip on reading profit performance
- BBA, MBA or DBA candidates seeking a rigorous, applied foundation in financial-statement analysis

What you will accomplish

- Distinguish the income statement from the balance sheet and cash-flow statements, and read performance over a period rather than position
- Read and classify revenue, expenses and the profit subtotals — gross profit, operating profit and net income
- Recognize revenue under IFRS 15 and separate it from cash received and from one-off gains
- Compute and interpret gross, operating and net margins and their trend against a relevant benchmark
- Distinguish accounting profit from economic performance by charging the opportunity cost of the capital employed
- Produce and defend a reasoned assessment of profit performance, and name what the income statement does not tell you

Your week, section by section

Section	Title
1	What an Income Statement Is and Why It Matters
2	The Architecture of Profit — the Ladder from Revenue to Net Income
3	Reading Revenue and the Top Line
4	Reading Expenses and the Profit Subtotals
5	Margins, Benchmarks and Economic Performance
6	Synthesis — A Repeatable Routine for Reading an Income Statement

Each section follows the same four steps — Explain, Show, Do, Feedback — worked through a running case (Marcus Feldt's judgment of Aldermere Foods Ltd) and then on your own income statement.

Assessment and certificate

One auto-graded scenario assessment concludes the module. Each item presents an unfamiliar income statement and supplies the figures, so it tests judgment rather than recall. A score of **70%** passes, with unlimited untimed attempts, and a full explanation is shown for every item. On passing you earn the **Monarch-endorsed Certificate of Knowledge**.

Taught with its limits

The income statement is a powerful instrument, but a bounded one. This course teaches its limits alongside the method — that accounting profit rests on estimates and accrual choices such as depreciation, provisions and the timing of revenue; that one-off gains and an abnormally low tax charge can flatter a single period; that the statement charges no cost for the owners' capital, so a positive accounting profit can still be economic break-even; and that it says nothing about cash generation or financial position — so you read it as a powerful but bounded instrument, not a verdict that settles every question.

> Pick a real income statement, and learn to read the profit story it tells.