Instruction Manual

Welcome to the Manual for the "Corporate Governance Toolkit". The purpose of this Manual is to guide you through the process of navigating the Toolkit and using the various tools to maximum benefit.

In order to use this software, you will need to ensure that your computer has the correct configuration and software. Fortunately, for ease of use we have selected the most commonly used software platform (Microsoft Office) built around typical system (PC) requirements.

> ***Before using this Software, you must agree to the Terms and Conditions of the User License. By installing or using this Software, you are accepting the terms and Conditions in the Agreement between you and PGi LLC. If you do NOT accept the Agreement, return the Software to PGi LLC.***

The following basic system requirements are necessary:

- ❑ Windows 95/98/2000/XP
- ❑ Internet Explorer 4.0 or Higher or Netscape
- ❑ Microsoft Office 97 or Higher (MS Word/Excel/PowerPoint/Access)
- ❑ Adobe Acrobat Reader (download from www.adobe.com if necessary -- free of charge)
- ❑ Internet Connection (to access web-based links)

The format of this CD-ROM allows the user to move easily from one document to another by using the "Back" and "Forward" buttons found in the upper left-hand corner of the various programs (i.e., MS-Word, MS-Excel MS-PowerPoint and Acrobat). The documents are linked in such a way that the user can find all references to a specific topic, as well as conduct additional research on that topic and related issues on the CD-ROM and the internet.

The information is separated into three sections: 1) Tools and Resources; 2) Corporate Governance Legislation and Regulations; and 3) Labour Relations, Employment Equity and Empowerment. Each specific document under these sections (highlighted in blue and underlined) can be accessed by double-clicking the name.

<u>Some Basics:</u>

The various sections of the Toolkit are accessed via the "Dashboard." Clicking the appropriate button will take you to a sub-menu, where you can select the document you wish to review.

❑ *Internet*: You will need an internet connection to access some of the links in the Toolkit.

❑ *Modifying Documents*: All of the documents are "Read Only" and can not be changed. Certain fields in the spreadsheets in the Toolkit allow you to enter data so that certain calculations can be performed.

❑ *Printing*: All of the documents can be printed by using the normal printing function available in each software program which displays the file.

❑ *Searching*: The "Ctrl-F" key combination brings up a search dialog box and will allow you to search any document for words or groups of words.

Dashboard: Tools and Resources

This section contains nine linked documents, each of which can be opened by clicking the appropriate button.

Glossary

The "Glossary" begins with an alphabetical index of terms. You can click on any term when the hand cursor appears (or Ctrl-Left Mouse Click) and the cursor will jump to that specific definition. When you are finished with the review of that term or definition, you can return to the index by clicking on the "Back" arrow button, usually found in the upper left-hand corner of the program toolbar.

**Ratio Analysis
Spreadsheet**

Once you have entered this spreadsheet, you will notice two "tabs" in the bottom left corner: "Introduction" and "Ratio Analysis." You must begin with the "Introduction" sheet where you will enter the data. Click the Introduction Tab if you are not already on this sheet.

This page allows you to manually enter data from the printed accounts of the company, and compare any two periods, e.g., two years or two quarters. The data for the most recent period is on the left; the previous period is on the right. The last column calculates the percentage change.

BASIC RATIO ANALYSIS

Instructions: From the financial statements presented to you in the board papers, select the income statement and balance sheet items noted below and type into the space provided. The ratios will be calculated on the next "sheet" (click the tab "Ratio Analysis" below), with a corresonding explanation regarding each ratio and its importance to the financial performance of the company.

|		Current Year/Period 2005	Previous Year/Period 2004	Growth (%)
Income Statement				
Net Sales	Enter Data	46,259	43,637	6%
Cost of Sales		40,288	39,299	3%
Gross Profit		5,971	4,338	38%
Operating Profit		5,818	187	3011%
Interest Expense		2,588	2,211	17%

Every financial presentation is not the same in the way to group and present data, so you may need to make some adjustments. You may also need to seek assistance from someone with accounting expertise if you are not familiar with basic accounting principles. After you have entered all of the data, click the "Ratio Analysis" Tab. This sheet will display the various financial ratios with a brief explanation in the far right column. In the second column from the left you will find the word "definition" in blue. By clicking this cell, you will jump to the definition in the Glossary.

		Current Year	Previous Year	% Change
Debt Paying Ability and Risk				
Current Ratio	Definition	0.70	0.51	37%
Debt/Equity Ratio	Definition	4	0.21	12%
Long Term Debt Ratio	Definition	8	3.2	-44%
Interest Coverage	Definition	2.2	-3.8	-156%

Click for detailed explanation of terms

These documents can be printed and form the basis of questions you may wish to raise at the board meeting.

Budget Analysis Spreadsheet

After you enter this spreadsheet, you will notice two tabs in the bottom left-hand corner: "Introduction" and "Budget Variance Analysis." Begin by clicking on the "Introduction" Tab. In the yellow cell, you may enter your variance limit; i.e., the limit above which you want to investigate and query any budget variances.

Enter your variance limit in the highlighted cell below:

15.00% ← Enter your "variance" limit here
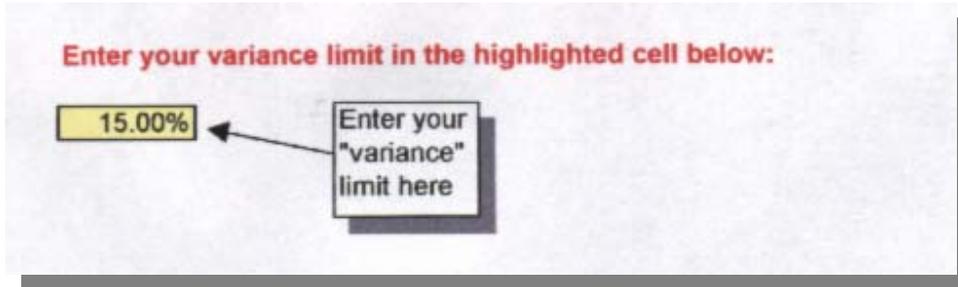
After you have entered the number, click on the "Budget Variance Analysis" Tab. The same number should appear in the yellow cell in the second column in a decimal format. You should obtain a printed copy of the budget and enter the data in the columns specified: left column for budgeted expense and right column for actual expense. If any amount is over budget and exceeds the variance limit you set, the column will return the message "Over Budget." If this is for a budget category which is in the first column, then a description of that expense category can be accessed by clicking on the item in the "Comments" column. You may enter additional budget items in the first column where "Other" appears.

Variance Limit	0.15		"Over Budget" flag column	
Cost of Goods Sold				
Raw Materials		100	101 OK	Raw Materials Variance
Labour Wages		100	123 Over Budget	Labour Wages
Transport		100	114 OK	Transport
Other		100	121 Over Budget	
Other		100	99 OK	
Utilities				
Electricity		100	103 OK	Electricity
Water		100	106 OK	Water
Rates		100	105 OK	Rates

Enter budget data

Budget Variance Analysis

This document lists several budget categories and provides brief explanations of the nature of each expense and suggestions for evaluating and controlling those expenditures. It is linked to the Budget Analysis Spreadsheet.

- ❑ **Internet Resources**
- ❑ **Board Meeting Checklist**
- ❑ **Reporting Schedule**

These tools do not require data entry, but display important information.

List of Directors and Board Resources

This file allows you to enter contact information for fellow directors, as well as other important contacts that will be needed by directors from time-to-time. Just type in the information in the relevant cells.

Corporate Governance Induction

This is a brief PowerPoint slide show. Should you want to quit the show, press "Esc".

The other information provided, principally legislation and regulations, is presented in Acrobat format. If you do not already have Acrobat, you must download Acrobat reader in order to access these files. Acrobat Reader is available free of charge from: www.adobe.com.

Return to Dashboard