

# **SEEP FRAME Tool User's Guide**

**SEEP F.R.A.M.E. Tool**

*Framework for Reporting, Analysis, Monitoring, and Evaluation*

**Authors:  
Chuck Waterfield  
Ana Escalona**



Copyright © 2006

The SEEP Network

Sections of this book may be copied or adapted to meet local needs without permission from The SEEP Network, provided the parts copied are distributed for free or at cost—not for profit. Please credit *Measuring Performance of Microfinance Institutions: A Framework for Reporting, Analysis, and Monitoring* and SEEP for those sections excerpted. For any commercial reproduction, please obtain permission from The SEEP Network, 1825 Connecticut Avenue NW, Washington, DC 20009-5721 USA.

---

# Table of Contents

<b>PART 1: INTRODUCTION AND OVERVIEW</b>	<b>5</b>
<b>Introduction</b>	<b>6</b>
What is the FRAME Tool?	6
Learning the FRAME Tool	6
Frequently Asked Questions	7
<b>FRAME Tool Overview</b>	<b>12</b>
Opening the tool	12
Organization of the FRAME Tool and Manual	12
How to enter data	13
Languages	14
<b>The Intro Sheet</b>	<b>15</b>
<b>PART 2: STANDARD FINANCIAL STATEMENTS</b>	<b>17</b>
<b>The Setup Sheet</b>	<b>18</b>
Institutional Information	18
Enable Features	20
<b>The DataInput Sheet</b>	<b>23</b>
Exchange Rates	25
Income Statement	25
Balance Sheet	26
Cash Flow	27
Portfolio Data	27
Non-Financial Data	28
Target	29
Benchmarks	29
<b>The Output (Unadj) Sheet</b>	<b>30</b>
<b>Financial Reports (Unadjusted)</b>	<b>31</b>
<b>PART 3: ANALYTICAL ADJUSTMENTS AND RATIOS</b>	<b>33</b>
<b>The Adjustments Input Sheet (AdjInput)</b>	<b>34</b>
Structure of the AdjInput Sheet	34
<i>Summary of Adjustments</i>	35
<i>Adjustment Calculations</i>	35
Benchmarking Adjustments	35
<i>Adjustment for Subsidized Cost of Funds (A1)</i>	35
<i>Adjustment for In-Kind Subsidy (A2)</i>	35
<i>Adjustment for Inflation (A3)</i>	36
<i>Adjustment for Impairment Loss Allowance (A4)</i>	36
<i>Adjustment for Write-offs (A5)</i>	37
True Performance Adjustments	38
<i>Adjustment for Subsidized Cost of Funds (A1)</i>	38

<i>Adjustment for In-Kind Subsidy (A2)</i>	39
<i>Adjustment for Inflation (A3)</i>	40
<i>Adjustment for Impairment Loss Allowance (A4)</i>	40
<i>Adjustment for Write-offs (A5)</i>	42
<i>Adjustment to Gross Loan Portfolio and Impairment Loss Allowance (A5.1)</i>	43
<i>Adjustment to Number of Loans Outstanding (A5.2)</i>	43
Adjusted Denominator Values	43
<b>The Output(Adj) Sheet</b>	<b>44</b>
<b>The Financial Reports (Adjusted) Sheet</b>	<b>45</b>
<b>The Ratios Sheet</b>	<b>46</b>
Targets and Benchmarks	47
User comments	48
Gender ratios	48
User-defined ratios	48
<b>PART 4: MANAGEMENT REPORTS</b>	<b>50</b>
<b>The Performance Monitoring Reports</b>	<b>51</b>
Design Mode	52
The QtrFinan Sheet	54
<b>The User-defined Sheets</b>	<b>55</b>

## Part 1: Introduction and Overview

Part 1 of the FRAME Tool User's Guide provides a brief introduction and overview of the FRAME Tool and this guide. It describes the structure and layout of the tool. This section also describes how to open FRAME, how to view the information on the **Intro** sheet, and presents a list of "frequently asked questions."

The remaining parts of this guide then go into details of how to use the FRAME Tool.

# *Introduction*

## **What is the FRAME Tool?**

The FRAME Tool is a sophisticated Excel Workbook that allows you to input up to three years of financial data and then generate a variety of performance indicators and financial and management reports. The FRAME Tool is *not* an accounting system. It is a tool for you to use to analyze the information generated by your accounting system.

Once you have learned FRAME, you can input your financial data for each reporting period into the FRAME tool in just a short amount of time, typically less than an hour. FRAME then provides a broad array of analytical tools and reports that are ready to print out for distribution.

The FRAME tool has flexibility in a number of areas. As a few examples:

- You can input one, two, or three years of data
- You can input monthly, quarterly, or annual data for each of those years
- You can change the above reporting frequency year by year
- You have the option to incorporate sub-account details in a number of areas
- You have the option to create user-defined data points
- You can print financial statements converted into other currencies
- You can calculate analytical adjustments by two different methodologies
- You can generate a wide variety of financial or general management reports
- You can analyze your information by trends, variance, and benchmark comparisons
- You can extensively customize the design of your various management reports

The FRAME tool has multiple languages built into the FRAME file, meaning you can input your data and then print reports in a variety of languages.

The FRAME tool was created by SEEP, with funding assistance from Catholic Relief Services, Christian Children's Fund, and USAID. The tool is available for download and use with no fees whatsoever. Future versions of the FRAME tool are currently planned for development.

## **Learning the FRAME Tool**

The most important thing to know when you first open the FRAME Tool is that the tool reflects the exact financial management procedures, financial statements, adjustments, and ratios described in the SEEP Publication *Measuring Performance of Microfinance Institutions: A Framework for Reporting, Analysis, and Monitoring*. That document is referred to in this guide as the **Framework Manual**.

That document is available as a PDF download, from the same website where the SEEP FRAME Tool and this guide are available – [www.seepnetwork.org/FRAME](http://www.seepnetwork.org/FRAME) . All FRAME materials are available for no charge.

Rather than duplicate information contained in the Framework Manual, this User's Guide provides frequent reference to the page numbers in the Framework Manual that cover each particular area of the FRAME Tool. These references are highlighted throughout this guide by yellow boxes, as in the example shown to the right.

### ***Framework Manual***

These boxes, throughout the text, will direct you to pages in the SEEP Framework with relevant information.

In addition to this User's Guide, SEEP has a series of **tutorial videos** which address different aspects of the tool. As with the other FRAME materials, these tutorials are also available for download on the SEEP website. These tutorials are highlighted throughout this guide by blue boxes, as in the example shown to the right.

### ***Tutorial***

These boxes, throughout the text, indicate relevant tutorial videos that teach how to use the FRAME Tool.

Finally, FRAME users who do not find the answer to their question in this User's Guide can contact the FRAME Online Help Desk at [frame@seepnetwork.org](mailto:frame@seepnetwork.org).

## **Frequently Asked Questions**

Following is a list of common questions asked by new users of FRAME:

### **1: What is the FRAME?**

The FRAME Tool is a free, easy-to-use Excel workbook developed by the SEEP Network to help MFIs produce financial reports and analyze and monitor their financial performance. It is not a replacement for a loan tracking or accounting system; rather, it helps MFIs track their performance as an institution.

The FRAME tracks 18 ratios developed by the SEEP Network in concert with microfinance raters, donors, and MFIs. These ratios are described and explained in SEEP's *Measuring Performance of Microfinance Institutions: A Framework for Reporting, Analysis, and Monitoring* (the Framework manual). This manual was written by a group of microfinance practitioners, donors, and evaluators and describes in full detail the accounting standards, adjustment practices, and key ratios used in the microfinance industry. Therefore, your first place to start to learn the content of the FRAME Tool is to understand the material in that manual (available for download for free on the FRAME website).

Although they are not dependent on one another, the FRAME Tool and Framework manual strongly complement one another, and are meant to be used together.

### **2: Do I have to pay to use the FRAME Tool?**

The FRAME software, as well as the SEEP FRAME Tool User's Guide and the *Measuring Performance of MFIs* Framework manual, are all available for downloading and use for no fee whatsoever. You can use the FRAME tool on

any number of computers in your institution. Development of FRAME was funded by the donors listed on the **Intro** sheet and is provided by the SEEP Network for the benefit of the microfinance community.

### **3: What do I need on my computer to be able to use the FRAME Tool?**

All you need to run the FRAME Tool is Microsoft Excel, any version from Excel 97 onwards. FRAME will run either on Windows computers or Mac OS.

### **4: How skilled do I need to be with Excel to use FRAME?**

FRAME has many complex formulas and visual basic code, but it is not necessary for you to understand any of these advanced issues. All you need to do is enter figures into the input cells, so if you have basic experience with Excel, you'll be able to use the FRAME tool.

### **5: How do I know if I have the latest version of the software?**

The version number and release date of the FRAME tool are listed on the **Intro** sheet of the tool. The most recent version of the FRAME tool is also listed on the FRAME website, [www.seepnetwork.org/FRAME](http://www.seepnetwork.org/FRAME).

### **6: Where do I enter data in the FRAME Tool?**

FRAME uses color coding to allow you to easily find where to enter data and not get confused between data you have entered and formulas that make up the tool. All grey cells are unprotected and allow you to enter data. All other cells are protected. If you try to enter data in any other color of cell (with the exception of the User-Defined Sheet), Excel will display a notice that the cells are protected. All input cells in FRAME are on the **Setup**, the **DataInput**, and the **AdjInput** sheets. All other sheets in the tool are output sheets.

### **7: Why can't I change formulas in the FRAME Tool?**

The FRAME Tool has Excel protection enabled for all worksheets. This is because FRAME is an extremely complex tool with many thousands of formulas. If any one formula is accidentally or intentionally changed the tool can become unreliable and give erroneous results. Worksheet protection allows you to trust that the tool is working well. If you do ever find any error in the formulas of FRAME, please email us and we will correct the problem immediately and issue a new version of the tool.

### **8: Can I review the formulas in the FRAME Tool, or are they hidden for proprietary reasons?**

Nothing at all is fully hidden or proprietary in the FRAME Tool. You are welcome to study and analyze each and every formula in the tool. Many rows and columns are hidden from view to make FRAME more accessible to the user. You can display all columns and rows by using the clearly-marked buttons on the bottom of the **Intro** sheet.

### **9: Can I import data automatically from my accounting system into FRAME?**

Currently there is no automated import process, due to the wide variety of accounting systems used in MFIs. You will likely need to reorganize the data from your financial statements to match the structure of the financial statements in FRAME, and. You will find, however, that if you configure your accounting system to print out the financial information in the FRAME formats, you can type in your information in 30-60 minutes each reporting period.

### **10: Can I safely convert FRAME to a different language?**

You can use the language dropdown list on the **Intro** sheet to change the language of FRAME at any time. This in no way erases or changes any data you have entered in the tool. You can therefore print reports in Spanish or another language, then convert the FRAME Tool to English and print a new set of reports in English.

### **11: Is there a user community of FRAME users?**

Yes, we have an email “listserve” community with hundreds of members. You can post questions about FRAME or help answer questions asked by others. To join, send an email to: [SEEPFRAME-subscribe@yahoogroups.com](mailto:SEEPFRAME-subscribe@yahoogroups.com). You can then post questions by sending an email to: [SEEPFRAME@yahoogroups.com](mailto:SEEPFRAME@yahoogroups.com). You can unsubscribe at any time by sending an email to: [SEEPFRAME-unsubscribe@yahoogroups.com](mailto:SEEPFRAME-unsubscribe@yahoogroups.com).

### **12: The toolbars no longer seem to match the page I’m on, and rows that should be displayed are hidden. What happened?**

Many of the features in FRAME are managed through Visual Basic code for Applications (VBA) by use of a technique called “event-driven functions”. When you change sheets, for example, Excel generates an “event” and that event runs VBA code that we have developed to show/hide rows and redo the toolbars. However, sometimes events can get disabled and then the necessary code does not run. To solve this problem you can click on the button labeled “Enable VBA Events” on the lower section of the **Intro** sheet.

### **13: How do I get assistance with using the FRAME Tool?**

To best understand the content of the FRAME Tool, you need to understand well the material in the SEEP manual titled *Measuring Performance of MFIs: A Framework for Reporting, Analysis, and Monitoring*. This manual was written by a group of microfinance practitioners, donors, and evaluators and describes in full detail the accounting standards, adjustment practices, and key ratios used in the microfinance industry. Therefore, your first place to start to learn the FRAME Tool is to understand the material in that manual (available for download for free on the FRAME website).

Second, you should review the tutorials developed to explain the FRAME Tool. There are six tutorial videos that describe different areas of the FRAME Tool and

provide an excellent introduction to the tool. Again, these tools are available for free on the FRAME website.

Third, you should study the SEEP FRAME Tool User's Guide, also available for download on the FRAME website. While *Measuring Performance of MFIs* (the Framework manual) describes the content of the FRAME—the ratios, terms and definitions needed for solid MFI financial management—the User's Guide focuses on the technical aspects of the FRAME software, such as inputting data, turning on specialized options, and generating reports. You should study both of these manuals to best understand how to use the FRAME Tool to strengthen your MFI's analysis and reporting capabilities.

Fourth, there is a user email group (see Question 11), [SEEPFRAME@yahoo.com](mailto:SEEPFRAME@yahoo.com) that can be a source of information for you.

Fifth, we do provide technical assistance via email if you have a specific question about the tool. Send an email to [FRAME@seepnetwork.org](mailto:FRAME@seepnetwork.org).

Finally, there are training courses offered in various countries, which generally last between two and five days. For information on upcoming courses, visit the FRAME website.

**14: How can I tell what changes have been made between FRAME versions?**

FRAME contains a complete list of changes, by version, on the bottom of the **Intro** sheet. Just scroll down the page and you can see what corrections have been made and what new features have been added.

**15: I see an EXPORT button on the Setup sheet, but how do I import the data into another copy of FRAME?**

An import process is being added into version 1.1 of FRAME. It is expected to be released in January 2007. You can then export your data out of your current version of FRAME and import it into the new version.

**16: Can I really enable macros in FRAME without danger of viruses?**

Microsoft does allow you to select different “security levels” for running macros in Excel. The FRAME Tool VBA modules are locked with a password and therefore viruses cannot infect the FRAME Tool. Therefore, you can safely enable macros when you open the FRAME Tool without concern about viruses.

**17: Is there a way to aggregate data from multiple MFIs into one FRAME tool?**

In FRAME 1.0 there is not a way to aggregate data from multiple institutions. FRAME 1.0 is designed as an analysis tool for a single institution. We are looking at possible aggregation features in future versions of the tool.

**18: Are there training opportunities to learn the FRAME tool?**

Yes! SEEP holds several training courses on the FRAME tool each year. Training courses are offered in various countries with different partner institutions—often regional and country-level microfinance associations. Training courses generally last between two and five days; pricing depends on the hosting institution. When SEEP holds a FRAME course with open enrollment, we will do our best to publicize it on the FRAME listserv. For information on upcoming courses, visit the FRAME website.

**19: Is the FRAME available in languages besides English?**

Yes! FRAME is currently available in English and Spanish. The FRAME will also be available in French and Mandarin by February 2007 and in Arabic by April 2007.

Please note, there is only one FRAME file; it contains all language options. On the Intro sheet, you can select the language from the drop-down menu, and can switch back and forth between languages with no loss of data.

**20: I have ideas and suggestions for improving FRAME. How can I share those ideas?**

We are very open to your ideas and suggestions! You can send an email to [FRAME@seepnetwork.org](mailto:FRAME@seepnetwork.org) and we will reply and discuss with you your suggestions.

**21: What are some of the planned features for FRAME 2.0?**

Some of the items on our current list of ideas for FRAME 2.0 are:

- an import feature
- graphs to view all ratios
- improved printing features
- enhancements to the language translation of FRAME
- improved ability to add comments
- custom highlighting of cells by value ranges
- enhanced error checking
- increased options for customizing reports
- an aggregation tool

# ***FRAME Tool Overview***

## **Opening the tool**

If you have Microsoft Excel installed on your computer, all you need to use the FRAME tool is the SEEP FRAME.xls file. Everything is self-contained in this single file. It is simply an Excel workbook, but a quite sophisticated workbook, with an array of advanced features.

### ***Tutorial***

To view the tutorial of the information explained in this section, run the file titled **OverviewTutorial.exe**

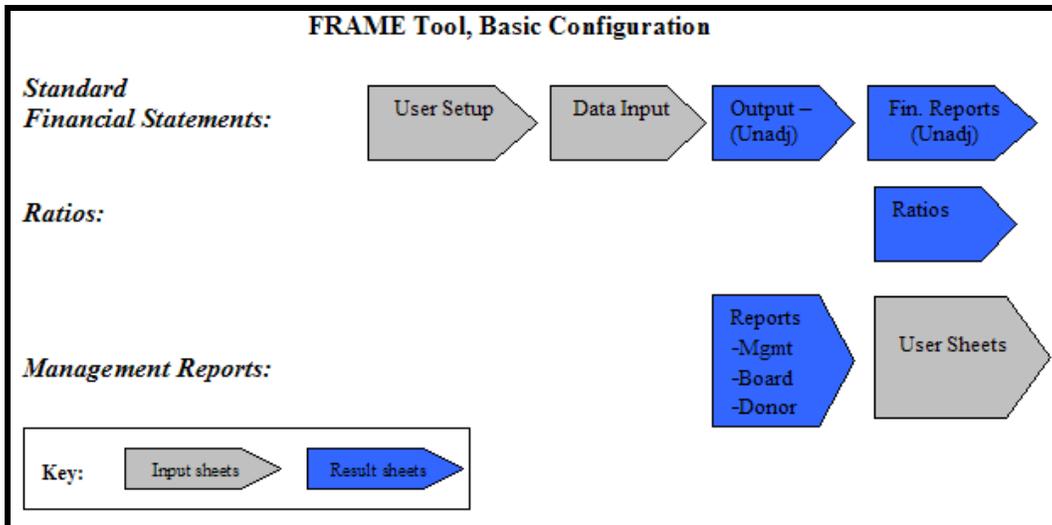
To make the tool more powerful, FRAME uses some internal Visual Basic programming. You will need to ensure that “macros are enabled” when you open FRAME, or these features will not work properly. If you are not offered the choice to enable macros when opening FRAME, then you may need to change your Excel security settings. To do so, select Tools / Macro / Security, and then set the level to “Medium.” This allows you the choice to enable macros with each workbook you open, and you can avoid potential viruses from running by enabling the macros only on workbooks you trust.

## **Organization of the FRAME Tool and Manual**

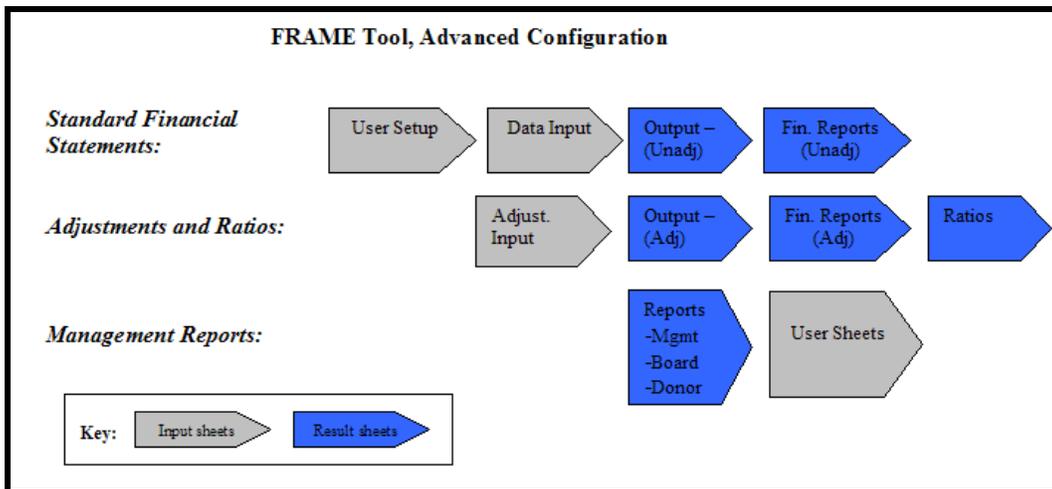
The information in this guide is divided into three major sections:

- **Standard Financial Statements:** Describes the basic data input sheets and how to generate standard financial statements.
- **Adjustments and Ratios:** Explains the two Adjustment methods, required inputs and calculations. Describes the **Ratio** sheet and how to generate adjusted financial statements. .
- **Management Reports:** Describes the reporting tool and the various report formats built into FRAME as well as the **User Sheets** that are available.

Depending on the choices you make in the **Setup** sheet, different sheets will hide or show in the tool. The FRAME tool can be used in its most basic configuration if the analytical adjustments are not enabled on the **Setup** sheet. If that’s the case, the following sheets will appear:



If you enable the Analytical Adjustments on the **Setup** sheet, additional sheets will automatically open up as shown in the picture below:



## How to enter data

All the input cells in the FRAME are shaded grey and they are the only cells you can modify. All other cells in the tool are protected to avoid any accidental damaging of the tool. The FRAME uses different colors to distinguish different levels of data, as shown in Figure 1 below. On this example of the Income Statement in the **DataInput** sheet, major account rows such as “Financial Revenue” are shaded light blue. The rows in the next level of detail, such as “Financial Revenue from Loan Portfolio” are shaded in light green and the rows in the third level of detail are shaded in light yellow. Rows I3 and I4 (yellow) are summed up on row I2 (green). Row I1 (blue) is the sum of the green rows – I2, I5, and I6.

**Figure 1: Color-coding and Summation**

I1		<b>Financial Revenue</b>	105,400
I2		<b>Financial Revenue from Loan Portfolio</b>	100,000
I3		Interest on Loan Portfolio	90,000
I4		Fees and Commissions on Loan Portfolio	10,000
I5		<b>Financial Revenue from Investments</b>	5,000
I6		<b>Other Operating Revenue</b>	400

These colors are the same across the major input and output sheets, except for the color corresponding to the first level of data. For example, if you are on the **DataInput** sheet, you will see that top level data is shaded in light blue, but when you move to the **Output(Unadj)** sheet this same top level data appears shaded in darker blue. This different color-coding helps to facilitate sheet recognition and avoid confusion when going from one sheet to the next.

The FRAME Tool has been designed to concentrate data input into as few areas as possible. The three main input sheets (shaded grey in the figures above) are:

- **Setup:** This is where you configure the tool for your institution.
- **DataInput:** This is the main input sheet where you enter data from your financial statements and reports.
- **AdjInput:** If you have enabled the financial adjustments feature in the **Setup** sheet, this is where you enter data required for FRAME to calculate the adjustments.

## Languages

FRAME is multi-language, as explained in the **Intro** sheet section, on page 15. You can switch languages at any point without any loss of data.

# The Intro Sheet

When you first open the FRAME Tool, you will see the **Intro** sheet (Figure 2).

**Figure 2: The Intro Sheet**



The important aspects of this sheet include:

- **Languages:** This dropdown list allows you to switch the FRAME tool into another language. The FRAME tool offers the following options:
  - English
  - Spanish
  - French
  - Chinese (simplified)
  - User-defined language (as explained below)

You can switch between languages without any loss of data you have entered, allowing you for example to print your reports in any desired language.

- **User-Defined Languages:** The language dropdown offers a “User-Defined Language” option. If you select this option, you can type a translation in any language on the **Translations** sheet that is displayed toward the end of the tool when you have switch into User-Defined Language. The User-Defined Language column consists of unprotected, grey input cells, and you can enter the translation of the text for each row, in whatever language you choose. Note that if the User-Defined Language column cell is left blank, the FRAME Tool will use the English text by default.
- **FRAME Version:** This is the version number of the tool, useful to determine if you need to upgrade, as well as for reporting errors or questions to technical support.

- **Excel Version:** This is the current version and build of Excel installed on your computer, again useful for reporting to technical support. (The “build” indicates which service release patches you have installed on Excel.)
- **Website and Email:** You can click on the provided links to send an email to technical support or to visit the FRAME website.

## Part 2: Standard Financial Statements

Part 2 of the manual explains the sheets used for the generation of the basic financial statements, with no financial adjustments. Part 3 introduces the adjustments features of the tool and describes the Ratios sheet.

This part is divided into the following sections:

**The Setup Sheet:** This sheet is used to configure the tool prior to inputting data. It also provides the option to enable the more advanced features of the tool.

**The DataInput Sheet:** This is the main sheet of the tool for entering data. You can enter data for all of your financial statements on this single sheet – Income Statement, Balance Sheet, Cash Flow, Portfolio Information, and Non-Financial Information.

**The Output(Unadj) Sheet:** This is the main output sheet in the tool, presenting all the data entered on the **DataInput** sheet, but with a more consistent formatting and presentation. This sheet displays **unadjusted** data. There is another sheet, described in Part 3, which presents adjusted data, if this option has been enabled on the Setup sheet.

**The FinReports(Unadj) Sheet:** This sheet allows you to configure and print out your basic financial statements, without adjustments.

# *The Setup Sheet*

The **Setup** sheet is the first sheet in the model in which you can input data. Its function is to configure the remaining sheets in the FRAME tool. The sheet has two sections:

## **Section 1: Institutional Information**

This section must be completed in full, because it feeds into other areas of the tool.

### ***Tutorial***

To view the tutorial of the information explained in this section, run the file titled **OverviewTutorial.exe**

## **Section 2: Enable Features**

This section is optional. If no additional features are enabled, FRAME will appear in its simplest format.

The Setup sheet should be filled out before proceeding with the rest of the tool, because decisions made here will affect:

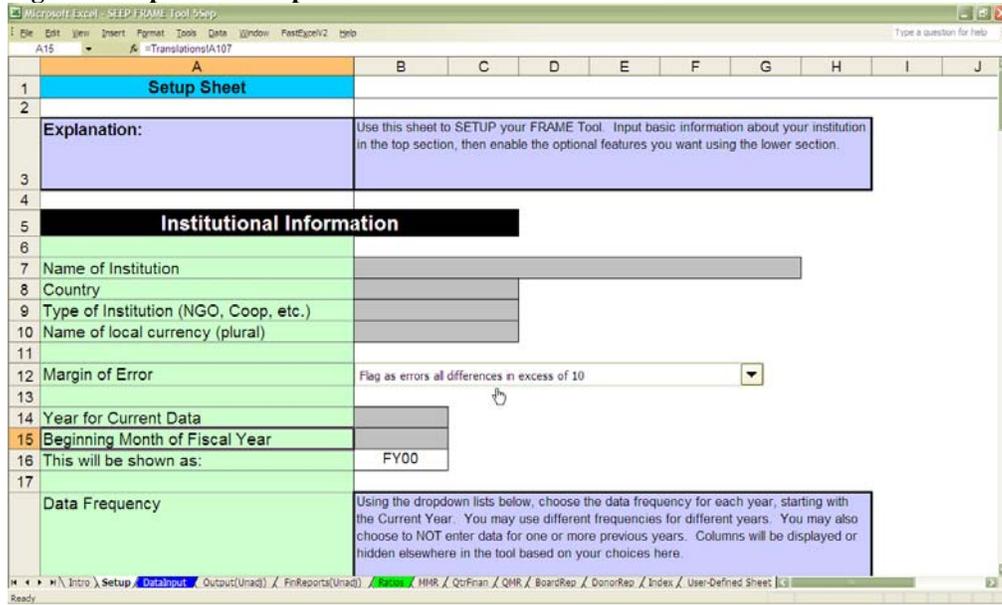
- What sheets are visible in FRAME
- Which sections of each sheet are visible and which are hidden
- Which period columns are visible and which are hidden depending on the data frequency selected

## **Institutional Information**

This section has a small number of input cells (shaded grey) for entering the requested data. Most is self-explanatory, with the following sections providing specific details:

**Margin of Error:** There is a dropdown list to choose the Margin of Error. This allows you to set a tolerance level for the error indicators in FRAME. For example, if the Balance Sheet or the Cash Flow Statement is off by more than the amount selected, FRAME will display an error notice in that section. Choices on the dropdown range from flagging differences greater than 1 to flagging differences greater than 10,000.

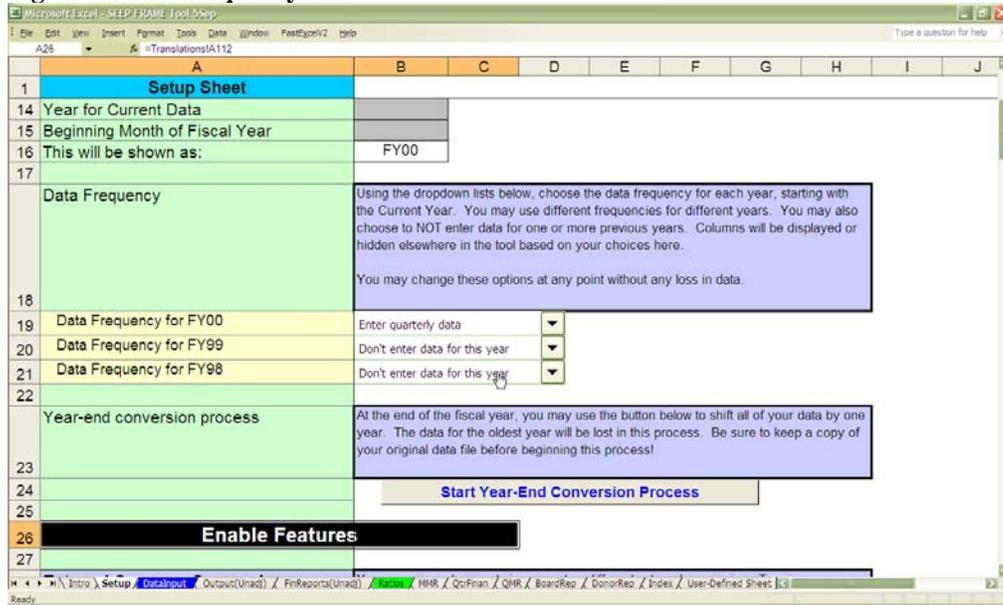
**Figure 3: Top of the Setup Sheet**



**Data Frequency:** Moving further down the sheet (Figure 4), there is a section for selecting Data Frequency. The FRAME tool allows storage of between one and three years of data. For each annual period you can set a data frequency. For example you can choose to input annual data for the period two years ago, quarterly data for last year, and monthly data for the current year. All reports and ratios in FRAME will use the data frequencies selected for each period. An advantage of inputting historic data is that FRAME can calculate and display trend data for your analysis. Depending on the frequencies you select, period columns will be visible or hidden, with a maximum of 36 data columns if you select monthly input for all three years and a minimum of one data column if you select to only enter annual data for the current fiscal year. You can select to not enter data for the previous fiscal year or for the period two years ago.

Note that the data year for the first dropdown (indicated as FY00 in row 19 of the figure below) is considered the **current year** and will be the basis for all the financial reports configured elsewhere in the tool. Previous year data (e.g., FY99 and FY98) are used only for comparison columns in the reports.

**Figure 4: Data Frequency Choice**



**Year-end Conversion Process:** Finally, there is a button to run the Year-end Conversion Process. This runs a procedure to shift all data entered back one year in the FRAME tool, thus freeing up the **current year** section to begin entering data for a new fiscal year. If you have three years of data entered, the data for the oldest year will be discarded and the data for the two most recent periods will be moved back to the second and third year columns. The current period column will be blank allowing you to enter data for a new period. Be sure to make a backup copy before running this procedure. FRAME is simply an Excel workbook. You can therefore begin a new period, but keep a copy of the previous file for your records.

## Enable Features

As you can see in Figure 5, further down the **Setup** sheet is the “Enable Features Section,” which allows you to enable or disable the following features:

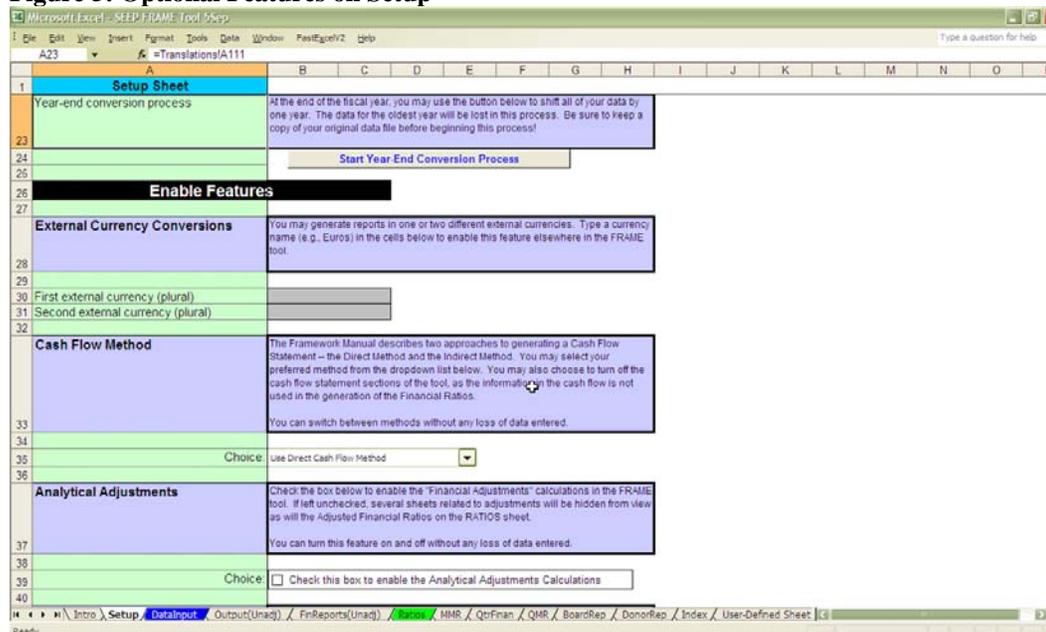
**External Currency Conversions:** FRAME allows you to convert your financial statements into one or two external currencies. You can enable this conversion process simply by typing currency names into one or both cells. (See page 31 of this guide.)

**Cash Flow Method:** FRAME can present the Cash Flow Statement using either the Direct Method or the Indirect Method. Alternatively you can disable the Cash Flow section of the tool. This will hide all sections of the tool that relate to Cash Flow information. Since no cash flow data is used in any of the financial ratios, the FRAME ratios will still be complete. You can switch between methods without any loss of data entered. (See page 27 of this guide.)

**Analytical Adjustments:** FRAME has an optional sophisticated tool for calculating adjusted financial ratios. Enabling the analytical adjustments will display several new sheets – **AdjInput**, **Output(Adj)**, **FinReports(Adj)** – as well as display additional ratios on the **Ratios** sheet. Otherwise, FRAME will present all the information in its unadjusted form. (See page 33 of this guide.)

**User-Defined Accounts:** The FRAME tool includes two types of user-defined accounts. First, some line items in the Income Statement, Balance Sheet, and Portfolio Report include the option to break down amounts into sub-accounts. Second, the tool contains some empty lines that allow the user to add additional data points to track, as well as define additional ratios. You can turn this feature on and off without any loss of data entered.<sup>1</sup>

**Figure 5: Optional Features on Setup**



**Forecast, Variance, and Benchmark Analysis:** Enabling this feature will display new input columns on the far-right of the **DataInput** sheet and the **AdjInput** sheet. These sections are explained on pages 23 and 34 of this guide. Data entered in these columns can then be incorporated into many of the customizable reports, as described on page 51 of this guide. You can turn this feature on and off without any loss of data entered.

**Gender Ratios:** Enabling the gender ratios will display several rows elsewhere in the FRAME Tool related to Gender data needed to calculate Gender ratios. These ratios are not a part of the Framework Manual, but have been incorporated into FRAME to help MFIs concerned with tracking gender ratios. You can turn this feature on and off without any loss of data entered.

**Export Data File:** Clicking this button will create a small Excel data file containing all of the information entered into the FRAME Tool. This file can be used to import the data into other analysis tools or aggregation tools you may have. This export file can also be used to move data from your current version of the FRAME Tool into a newer release of

<sup>1</sup> FRAME allows the following user-defined lines: 10 personnel expense sub-accounts, 10 administrative expense sub-accounts, 5 loan capital donation sub-accounts, 5 operating expense donation sub-accounts, 5 loan portfolio sub-accounts, 5 short-term deposit sub-accounts, 5 short-term borrowings sub-accounts, 5 long-term borrowings sub-accounts, 20 user-defined data points, and 25 user-defined ratios.

the FRAME tool.<sup>2</sup> Note that the data is exported as numerical values. You may have created user-defined formulas in the FRAME Tool. These formulas will not be transferred via the Export process. Only the numerical values resulting from these formulas will be exported.

---

<sup>2</sup> Implementation of this import feature is anticipated for FRAME 2.0.

# The DataInput Sheet

As mentioned before, the FRAME Tool has been designed to concentrate data input into as few areas as possible. The **DataInput** sheet is the principal area of the tool in which you will be entering data. You may also be entering data on the **AdjInput** sheet if you have enabled the financial adjustments feature. Data input elsewhere in the tool is very minimum or non-existent.

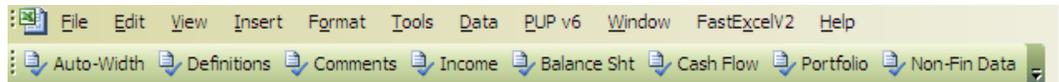
**Tutorial**

To view the tutorial of the information explained in this section, run the file titled **DataInputBasicTutorial.exe**

**Figure 6: The DataInput Sheet**

	B	C	D	E	J	V	AI	AM	AP
1	<b>Data Input Sheet</b>				FY03	FY03	FY04	Q1	Q2
2	Ref	X-Ref	Account Name		Init Bal	Dec-03	Dec-04	Mar-05	Jun-05
3	Inc Stat	Net Income (After Tax, Before donation)				1,152,824	1,148,901	325,673	678,657
4	Bal Sht	Amount of Imbalance				0	0	0	0
6	Cash Flow	Amount of Imbalance				0	0	0	0
7	<b>Error Count</b>				0	0	0	0	0
10	<b>Explanation:</b>								
11	This is the main INPUT sheet. In the grey cells below, input information from the MF's financial statements and reports, following Chapter 2 of the Manual. All other cells will calculate automatically.								
13	<b>Exchange Rates</b>								
16	<b>End-of-Period Exchange Rate</b>								
17	Dollars (x Quetzales = 1.0 Dollars)								
18	End-of-Period Exchange rate				8.170	8.160	8.140	8.020	7.890
19	Calculated YTD average					8.165	8.150	8.080	8.017
20	Average Override Row								
21	YTD Average used in Calculations					8.165	8.150	8.080	8.017
27	<b>Income Statement</b>								
28	Enter Year-To-Date totals for each category in local currency.								

Figure 6 shows a typical layout for the **DataInput** sheet. The sheet, as most sheets in FRAME, has a specialized **toolbar**, located below the Excel menu bar, to quickly access key features of the sheet.



The toolbar offers the following buttons:

- **Auto-Width:** This button can be clicked when figures are too large to display properly on the screen. Clicking this button readjusts the width of all the columns to properly display information.
- **Definitions:** This button toggles on-and-off the display of two useful columns for new users, as you can see in Figure 7. Column F shows a detailed **Definition** of the information contained in that row of the tool. These Definitions come directly from the Framework Manual. Column G, titled **Calc**, shows the formula used in those rows where calculations are made. Remember that white cells are protected and contain formulas, while grey cells are unprotected data entry cells.

- **User Comments:** This button toggles on-and-off the display of Column H where you can write short comments about the information you have entered, as shown in Figure 7. You can click this button to hide information you have already typed. The data will not be erased, and can be redisplayed by clicking the button again.
- **GoTo buttons:** The remaining buttons will move you quickly to the main sections of the sheet:
  - Income – Income Statement
  - Balance Sht – Balance Sheet
  - Cash Flow – Cash Flow Statement
  - Portfolio – Portfolio Report
  - Non-Fin Data – Non-Financial Data Section

**Figure 7: Definitions and Comments Columns**

	B	C	D	E	F	G	H	I	J	K
	Ref	X-Ref		Account Name	Definition	Calc	User Comments	FY03 Dec-03	FY04 Dec-04	Q1 Mar-05
3	Inc Stat			Net Income (After Tax, Before donation)				1,182,824	1,148,901	325,8
4	Bal Sht			Amount of Imbalance				0	0	0
6	Cash Flow			Amount of Imbalance				0	0	0
7				Error Count				0	0	0
28	<b>Income Statement</b>									
29	Enter Year-To-Date totals for each category in local currency.									
30	I1			<b>Financial Revenue</b>	The total value of all revenue earned from the provision of financial services.	(2)+I5+I6		3,487,360	4,061,739	1,220,72
31	I2			Financial Revenue from Loan Portfolio	Revenue from interest, fees, commissions, and other fees earned on the loan portfolio. This includes not only interest paid in cash but also interest accrued but not yet paid.	I3+I4		3,135,431	3,823,119	1,157,40
32	I3			Interest on Loan Portfolio	Interest earned on the loan portfolio. If the IPI is earning interest on loans to employees or board members, this interest should be disclosed. If this interest is significant, the IPI should create two subaccounts for (13)-one for interest from clients, and the other for interest from these employees or board members.			2,947,305	3,593,732	1,087,9
33	I4			Fees and Commissions on Loan Portfolio	Penalties, commissions, and other fees earned on the loan portfolio. This may also include revenue under Islamic finance methods. If the IPI is earning fees and commissions on loans to employees or board members, these should be disclosed if these fees and commissions are significant, the IPI should create two subaccounts for (13)-one for fees and commissions from clients and the other for fees and commissions from employees or board members.			188,126	229,387	69,4
34	I5			Financial Revenue from Investments	Revenue from interest, dividends, and other payments generated by financial assets.			18,068	35,624	17,1

Additional features to note on the **DataInput** sheet are:

- **Summary rows:** The top rows on the sheet (rows 3-7) provide a concise summary of the data and any imbalances found below on this sheet. If any errors are flagged elsewhere on the sheet, they will be highlighted in row 7, and you will need to move down the sheet to identify the cause of the error and resolve it.
- **Columns:** Note in the figure how there are annual input columns for 2003 and 2004, and quarterly input columns in 2005. The display of columns will depend on the configuration choices you have made on the **Setup** sheet. You could conceivably have as many as 36 monthly columns displayed if you have chosen monthly data for all three years, or as little as one column if you have chosen annual data for only the current year. In addition, you will always have one left-most column for entering **Initial Balances** for selected data points. This is an essential data entry, necessary for calculating averages used in many ratios.
- **Color coding:** Note how the tool uses different colors and font sizes to distinguish different levels of aggregation, or key calculation levels within the financial statements. Consistently throughout FRAME, you are allowed only to

enter data into grey cells. All other cells are protected to avoid any damage to the formulas and logic of the tool.

- **Refs:** All data points in FRAME have a coded line number matching those numbers used in the Framework Manual, the first letter selected as follows:
  - I: Income Statement
  - B: Balance Sheet
  - C: Cash Flow Statement
  - P: Portfolio Report and Activity Report
  - R: Ratios
  - A: Adjustments
  - N: Non-financial Data Report
- **Cross-reference columns:** Columns C and D highlight cross-references among various lines on the financial statements. For example, line I14 in the Income Statement (“Provision for Loan Impairment”) is cross-referenced with line P8 in the Portfolio Data section. Clicking on any cross-reference highlighted in blue will move you to the related cross-referenced row.

In the next few pages, each of the major input sections of this sheet are described in detail.

## Exchange Rates

In this section, rows are displayed only if an exchange rate currency has been entered in the “Enable Features” section of the **Setup** sheet. These exchange rates are used to convert financial information to these other currencies elsewhere in the tool. Two different exchange rate currencies may be enabled. Type in the “End-of-Period Exchange Rate” figures in each column, and FRAME will calculate the year-to-date averages. If you have access to more precise year-to-date average figures, you can enter them in the “Average Override Row” and these figures will be used by FRAME for the calculations. Exchange rates are always entered as the amount of local currency that equals one unit of external currency.

## Income Statement

The format of the Income Statement is quite straightforward, matching that presented in the Framework Manual, pp. 11-16.

It is important to note that all figures entered into the Income Statement must be year-to-date amounts. For example, if entering monthly data, the figures entered for February must be the total figure for both January and February combined.

### ***Framework Manual***

The format of the Income Statement matches that of the Framework Manual, pp. 11-16.

- **Inflation Accounting:** There is an option in row 40 to enable or disable inflation accounting. Enabling this option will hide row 42 and display rows 43-46. Inflation accounting is explained on page 14 of the Framework Manual.
- **User-input lines:** If you enabled the User-Defined Accounts feature on the **Setup** sheet, then you will find ten user-input rows in the *Personnel Expense*

section and the *Administrative Expense* section. The first input row of each section contains a formula to ensure that the numbers entered match the total entered on the initial line. The figure for the total expenses of the category must still be entered. See how in the Personnel Expense example, shown in Figure 8, the total expense must be entered on I17 (Excel row 51). Then the numbers entered in input rows 2-10 (Excel rows 54-62) will cause the figure in row 1 (Excel row 53) to adjust so that the totals equal the figure in I17.

**Figure 8: User-Input Lines**

	B	C	D	E	J	V	AI	AM	AP	AS
1	<b>Data Input Sheet</b>				FY03	FY03	FY04	Q1	Q2	Q3
2	Ref	X-Ref		Account Name	Init Bals	Dec-03	Dec-04	Mar-05	Jun-05	Sep-05
3	Inc Stat			Net Income (After Tax, Before donation)		1,152,824	1,148,901	325,673	678,657	1,19
4	Bal Sht			Amount of Imbalance		0	0	0	0	
6	Cash Flow			Amount of Imbalance		0	0	0	0	
7				Error Count		0	0	0	0	0
49	I15	P10		Value of Loans Recovered		0	(7,500)	(10,800)	(10,800)	(11
50	I16			<b>Operating Expense</b>		1,980,236	2,390,591	792,533	1,655,180	2,506
51	I17			<b>Personnel Expense</b>		1,291,021	1,436,025	432,331	912,699	1,36
				Optionally enter descriptions for up to 10 subaccounts in the lines below; amounts will be forced to add up to the total input above						
52										
53			1	Salaries		903,715	1,005,218	302,632	638,889	958
54			2	Taxes		258,204	287,205	86,466	182,540	273
55			3	Insurance		129,102	143,603	43,233	91,270	136
56			4							
57			5							
58			6							
59			7							
60			8							
61			9							
62			10							
63	I18			<b>Administrative Expense</b>		689,215	954,566	360,202	742,481	1,137
64	I19	C28		Depreciation and Amortization Expense		152,338	157,928	40,003	80,007	12
65	I20			Other Administrative Expense		536,877	796,638	320,199	662,474	1,01
				Optionally enter descriptions for up to 10 subaccounts						

## Balance Sheet

The format of the Balance Sheet is quite straightforward, matching that presented in the Framework Manual, pp. 16-21.

**Framework Manual**  
The format of the Balance Sheet matches that of the Framework Manual, pp. 16-23.

- User-input lines:** If you have enabled the User-Defined Accounts feature on the Setup sheet, then you will find detail sections displayed for Gross Loan Portfolio, Short-term Time Deposits, Short-term Borrowings, and Long-term Borrowings. Again, the first input row of each section contains a formula to ensure that the numbers entered match the total entered on the initial line.
- Error verification:** At the end of the Balance Sheet you will find two verification rows to ensure that the Balance Sheet balances.

## Cash Flow

The formats of the Cash Flow statements match those of the Framework Manual, pp. 23-32. Either the Direct Cash Flow or the Indirect Cash Flow will be displayed, depending on the choice made on the **Setup** sheet. Alternatively, the Cash Flow section will be hidden if you choose to hide it on the **Setup** sheet. As with the Income Statement, you must enter year-to-date figures in local currency.

### ***Framework Manual***

The formats of the Cash Flow Statements match those of the Framework Manual, pp. 23-32.

- **Data entry:** You will notice that the cash flow lines are nearly all manual input. If your institution has a cash-based accounting system, the figures entered will largely match the figures in your income statement. If you are experienced in Excel, you could then enter formulas to draw the information automatically from the Income Statement. However, if your institution uses accrual accounting, you will need to manually enter all data based on the actual cash movements for the period.
- **Error verification:** At the end of the Cash Flow section you will find three verification rows to ensure that the Cash Flow figures match the cash figures entered in the Balance Sheet.

## Portfolio Data

The format of the Portfolio Data section matches that of the Framework manual, pp. 32-35. Note that this section is a mixture of year-to-date and end-of-period figures. Be sure to enter the data as indicated.

### ***Framework Manual***

The format of the Portfolio Data matches that of the Framework Manual, pp. 32-35.

**Portfolio Aging Schedule:** Use the left-hand column cells (columns C and D in Figure 9) to enter aging categories in rows 263-274. The first input (row 263) defines the amount of days a loan can be past due while still being considered current. Subsequent rows allow the user to define the day ranges for each level of the aging schedule (i.e. 1-30 days past due, 31-60 days past due, etc.).

After you enter each new category, hit the ENTER key and FRAME will display an additional input row. Use the up-arrow key to move up to the new cell and enter another cut-off date if desired. If you do not enter another number, the last row will be considered “Portfolio at Risk over [x] days” with [x] being the cut-off number of days from the previous level of the aging schedule.

Then move to the first input column for each Fiscal Year that has been enabled in the tool and enter the loss allowance rates for that year. Even if the loss allowance rates do not change, they must be entered at the beginning of each fiscal year. FRAME allows for changes in allowance rates each year, but those rates remain constant for that entire year. Note, also, that if you have enabled the input of portfolio by multiple loan products, the portfolio aging schedule and loss allowance rates entered here will apply to *all* the products. FRAME does not currently allow variation of these parameters product-by-product.

**Figure 9: Portfolio Aging Schedule**

Data Input Sheet				FY03	FY03	FY04	AM	AP	AS
Ref	X-Ref	Account Name		Init Bals	Dec-03	Dec-04	Q1 Mar-05	Q2 Jun-05	Q3 Sep-
3	Inc Stat	Net Income (After Tax, Before donation)			1,152,824	1,148,901	325,673	678,657	1,
4	Bal Sht	Amount of Imbalance			0	0	0	0	
6	Cash Flow	Amount of Imbalance			0	0	0	0	
7	Error Count			0	0	0	0	0	0

Portfolio Aging Schedule			FY03	FY04	FY05
From	To	Aging Categories and Loss Allowance Rate	Loss Allowance Rate	Loss Allowance Rate	Loss Allowance Rate
262					
263	0	0	0.5%	0.5%	0.5%
264	1	30	10.0%	10.0%	10.0%
265	31	60	25.0%	25.0%	25.0%
266	61	90	50.0%	50.0%	50.0%
267	91	120	75.0%	75.0%	75.0%
268	121	180	90.0%	90.0%	90.0%
269	181		100.0%	100.0%	100.0%
274	0	30	50.0%	50.0%	50.0%
275	>	31	75.0%	75.0%	75.0%
276					
277		Number of:	5,034	6,163	6,468
278	P11	Loans in Current Portfolio	4,971	6,043	6,330
279	P13	Loans at Risk 1 to 30 days	17	22	28
280	P13	Loans at Risk 31 to 60 days	20	18	19
281	P13	Loans at Risk 61 to 90 days	5	18	17
282	P13	Loans at Risk 91 to 120 days	3	4	8
283	P13	Loans at Risk 121 to 180 days	6	11	16

**Optional Breakdown of PAR:** If you have enabled the user-defined accounts in FRAME on the **Setup** sheet, then line 313 will display a dropdown allowing you the option of enabling the **Optional Breakdown of Portfolio at Risk (PAR)**. If enabled, FRAME will display up to five detail-input sections for each loan product that has been defined in Line B4 of the Balance Sheet. The sections function as follows:

- **Aggregate totals:** In Lines 296-308, enter figures for the total loan portfolio for the institution.
- **Loan Product 1:** Lines 316-329 are automatically calculated. The figures shown are the aggregate figures entered in the section above, less the amounts entered for Loan Products 2 through 5 starting in line 332. This ensures that the figures add up to the totals. Be sure to verify the figures for Loan Product 1 and ensure that they match the figures from your financial statements. Any discrepancy could be due to having entered inaccurate data in the sections for the other loan products.

## Non-Financial Data

The format of the Non-Financial Data section matches that of the Framework Manual, pp. 35-37, unless you enabled the Gender Ratios and/or the User Defined Accounts in the **Setup** sheet. In that case, you will see additional rows for this

***Framework Manual***  
 The format of the Non-Financial Data section matches that of the Framework Manual, pp. 35-37.

information at the bottom of this report.

Enter information in the grey cells for each period. For the Inflation Rate, enter the cumulative year-to-date inflation rate.

### **Gender Data**

If you enabled Gender ratios in the **Setup** sheet be sure to fill out the grey cells under Gender data needed for FRAME to calculate Gender ratios.

### **User-Defined Data Points**

If you enabled User-Defined accounts in the **Setup** sheet, FRAME allows you to enter up to 20 data points not already included in any of the other sections in the **DataInput** sheet. If you decide to add User-Defined data points, type in the name of the data point in column E. Then, you should click the “Definitions” button so that you can type in your own definition in Column F. Finally, in Column G you must indicate whether the variable you are entering is a flow variable or a stock variable. Unless you specify which type of variable this is, FRAME may not be able to calculate variances accurately later in the Reports. Please refer to p. 9 of the Framework Manual for an explanation of flow vs. stock data.

## **Target**

The FRAME tool allows you to enter an annual year-end “target” figure for the current year for any of the data points on this sheet.<sup>3</sup> If your MFI has projections for the most recent period, you should enter as many projected figures as you are able to in Column AW so that FRAME is able to calculate variances later on when you generate Reports. Please refer to p. 88-90 in the Framework Manual for information about Variance Analysis.

## **Benchmarks**

Likewise, in Column AX, FRAME allows you to enter benchmark figures for any of the data points on this sheet. For instance, you could enter a benchmark for the number of clients or the value of the loan portfolio for comparable MFIs in your region or country. By entering information in this column, FRAME will be able to show these benchmarks later in the Reports, allowing you to perform benchmarking analysis. Please refer to p. 91 of the Framework Manual for an explanation of Benchmarking Analysis.

---

<sup>3</sup> There is also a column for entering annual targets on the **Ratios** sheet.

## *The Output (Unadj) Sheet*

The **Output(Unadj)** sheet simply presents the information entered on the previous **DataInput** sheet, but in a consistent format with no data entry areas. This entire sheet is read-only, meaning no information can be entered or changed directly on this sheet, but rather must be changed on other sheets in FRAME.

Note that the only rows that are displayed on this sheet are those that have been enabled on the **Setup** sheet and defined on the **DataInput** sheet. If you expected to see other sections or rows on this sheet, review the information on the other pages.

Information on this sheet may be printed using the manual printing features of Excel (File / Page Setup). However, because the worksheet is protected, it is not easy to select only certain columns for your printout. It is much easier to print from the **FinReports(Unadj)** sheet (discussed in the next section).

**Figure 10: The Output(Unadj) Sheet**

Data Output Sheet - UNADJUSTED				I	U	AH
Ref	X-Ref	Account Name		FY03 Init Bals	FY03 Dec-03	FY04 Dec-04
Error count (errors identified on DataInput)				0	0	0
<b>Explanation:</b>						
This sheet shows exactly the same information as the DATA INPUT sheet but in read-only form. It allows the user to verify that all of the information was entered correctly. It can also be printed and used for trend analysis.						
<b>Income Statement</b>						
<b>11 Financial Revenue</b>					<b>3,487,360</b>	<b>4,061,739</b>
12		Financial Revenue from Loan Portfolio			3,135,431	3,823,119
13		Interest on Loan Portfolio			2,947,305	3,593,732
14		Fees and Commissions on Loan Portfolio			188,126	229,387
15		Financial Revenue from Investments			18,068	35,624
16		Other Operating Revenue			333,861	202,996
<b>17 Financial Expense</b>					<b>125,000</b>	<b>205,000</b>
18		Financial Expense on Funding Liabilities			125,000	205,000
19		Interest and Fee Expense on Deposits			0	0
19	110	Interest and Fee Expense on Borrowings			125,000	205,000

## ***Financial Reports (Unadjusted)***

The **FinReports (Unadj)** sheet allows you to view and print your financial reports with unadjusted data in the formats recommended in the Framework Manual. The reports include the *Balance Sheet*, the *Income Statement*, the *Cash Flow Statement*, the *Portfolio Report* and the *Non-Financial Data Report* and the data is presented year to date.

At the very top of the sheet, the tool requires you to make a series of choices to indicate how you want the reports to appear, depending on the choices you made initially on the **Setup** sheet.

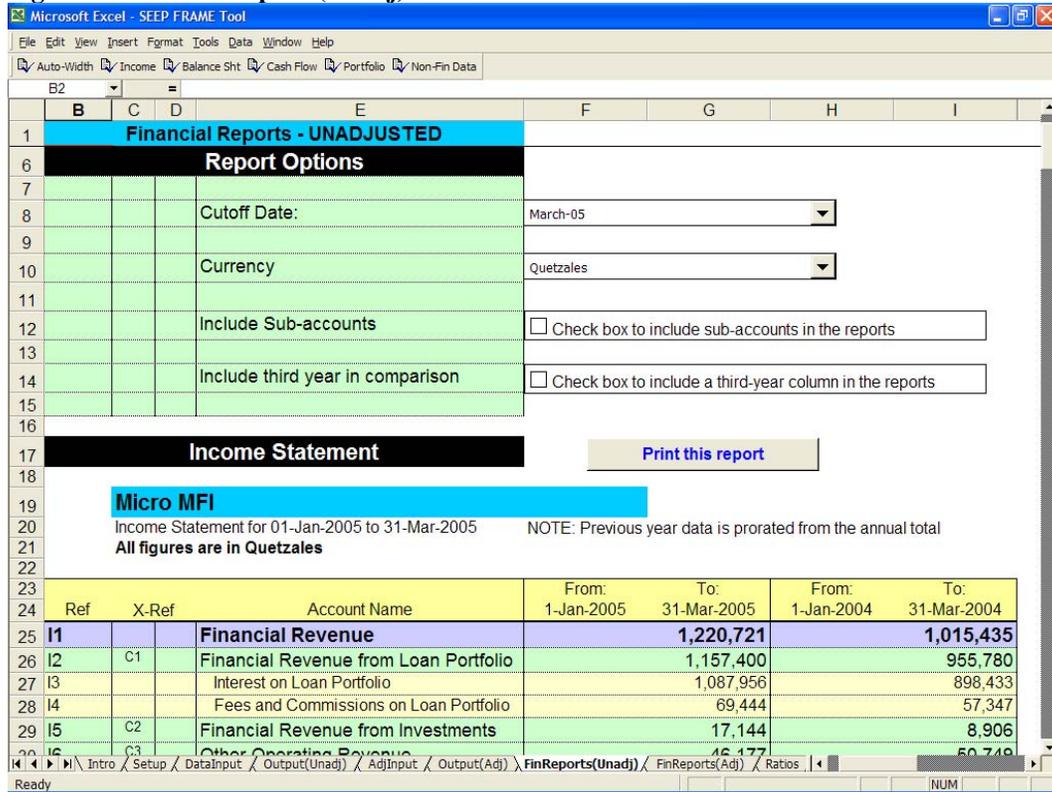
**Cutoff Date:** First, you must indicate the cut-off date of the reports using the first dropdown menu. The options you see in the menu depend on the frequency choice you selected in the **Setup** sheet for the current year of data. If you selected to enter annual data for the current year, this dropdown menu will not be visible.

**Currency:** If you have enabled the External Currency Conversion option in the **Setup** sheet, you will see a Currency dropdown menu. You can select to view and print the reports in local currency or in any of the external currencies you indicated on the **Setup** sheet. FRAME converts flow figures at the Period Average Exchange Rate and stock figures at the End of Period Exchange Rate, both taken from the rates entered in the **DataInput** sheet.

**Include Sub-accounts:** You can also choose to include sub-accounts in the reports by clicking the checkbox. This checkbox will only appear if you enabled user sub-accounts in the **Setup** sheet.

**Include third year in comparison:** If you have entered three years of data in the tool, you can include a third year of data for comparison purposes in your reports by clicking on the last checkbox.

**Figure 11: The FinReports(Unadj) Sheet**



**Prorated Data:** If you have entered data for the current year using one frequency and data for the previous year(s) using a different frequency, FRAME automatically prorates the previous year’s data in the Income Statement. A note to this effect is displayed in row 20 of Figure 11. This allows you to compare income and expenses over the same period of time in the current year and the previous year(s). For reports other than the Income Statement on this sheet, the FRAME presents end of period data for the previous year because these reports include stock variables, which cannot be prorated.

**User Comments:** FRAME provides a section on this sheet, in Column M, where you can enter user comments.

**Printing:** You can print any of the reports on this sheet individually by clicking the “Print this report” button at the top of each report. Doing so will bring up a preview of the report; you can then send it to the printer or close the preview.

## Part 3: Analytical Adjustments and Ratios

Part 3 of this guide describes the aspects of the FRAME Tool that allow you to calculate Analytical Adjustments and the companion ratios. If **Analytical Adjustments** have not been enabled on the **Setup** sheet, all of the following sheets are hidden from view, except the **Ratios** sheet.

**The AdjInput Sheet:** This sheet is the most complex of the FRAME Tool, allowing you two alternative methods for inputting data to calculate financial adjustments. The procedures are thoroughly explained in Chapter 3 of the Framework Manual.

**The Output(Adj) Sheet:** This sheet displays all the data entered on the **DataInput** sheet, with the information from the **AdjInput** sheet incorporated. The sheet is very similar in appearance to the **Output(Unadj)** sheet, but with additional rows containing the analytical adjustments.

**The FinReports(Adj) Sheet:** This sheet allows you to configure and print out your basic financial statements, with adjustments. It is similar in concept to the **FinReports(Unadj)** sheet.

**The Ratios Sheet:** This sheet presents the ratios and indicators defined in Chapter 4 of the Framework Manual. In addition to the standard ratios, the sheet also displays adjusted ratios if Analytical Adjustments have been enabled on the **Setup** sheet.

# The Adjustments Input Sheet (AdjInput)

The Adjustments Input (**AdjInput**) sheet is the third sheet in FRAME that requires data input. It is only displayed if the Analytical Adjustments option is enabled on the **Setup** sheet. The data input here in the grey cells allows the FRAME tool to automatically calculate the analytical adjustments described in Chapter 3 of the Framework Manual.

**Framework Manual**

The Analytical Adjustments process is described in detail in Chapter 3 of the Framework Manual.

## Structure of the AdjInput Sheet

The structure of the **AdjInput** sheet is very similar to that of the **DataInput** sheet. Clicking the Definitions Button on the toolbar shows or hides the definitions column. In this chapter, the screens appear with the definitions column hidden from view; whenever you wish to see more detail for any of the concepts in this sheet, simply click the definitions button to show the explanations from the Framework Manual.

**Tutorial**

To view the tutorial of the information explained in this section, run the file titled **AdjustBenchTutorial.exe**

**Figure 12: The AdjInput Sheet**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		TruePerf	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>				0	0	0
7	This is the ADJUSTMENTS INPUT sheet, where the user must enter information needed to calculate the analytical adjustments described in Chapter 3 of the Manual. Enter information in the grey cells and the adjustments will calculate automatically.						
9	<b>Adjustment Method</b>						
11	<b>Adjustment Method Chosen</b>			True Performance			
13	<b>Summary of Adjustments</b>						
15	<b>Subsidies</b>						
16	A1	Adjustment for Subsidized Cost of Funds				562,516	382,499
17	A2	Adjustment for In-Kind Subsidy				480,000	591,000
18	A2.1	In-Kind Subsidy Adjustment to Personnel Expense				324,000	348,000
19	A2.2	In-Kind Subsidy Adjustment to Administrative Expense				132,000	219,000

The first step to complete this sheet is to select one of the two Adjustment Methods: *Benchmarking* or *True Performance* (see pp. 41-42 of the Framework Manual). The

method can be changed at any time without any loss of data since the calculations for each method are independent of each other. However, the method selected at any given time will dictate how adjustment calculations are made for purposes of showing adjusted performance throughout the tool (adjusted ratios, adjusted financial statements, etc.). The name of the method currently selected is always visible at the top of the sheet in the cell directly below “Curr Meth”.

## Summary of Adjustments

The top section of this sheet summarizes the adjustment calculations for all the periods for which you have entered data. Move to the right to see all of the calculations.

## Adjustment Calculations

In this section, you must input assumptions and data using the grey cells. The inputs vary depending on the adjustment method chosen above.

## Benchmarking Adjustments

The Benchmarking Method is the simpler of the two methods and requires less data input.

### Adjustment for Subsidized Cost of Funds (A1)

This section does not require you to input any data. It takes information you’ve entered in the **DataInput** sheet and calculates the adjustment as described in the Framework Manual (pp. 45).<sup>4</sup>

### Adjustment for In-Kind Subsidy (A2)

The Benchmarking method calculates an adjustment for any subsidies that have reduced Personnel or Administrative Expenses. It does not include any calculation for donated fixed assets. A portion of this input section is shown in Figure 13.

For the *Personnel Adjustment (A2.1)* and the *Administrative Expense Adjustment (A2.2)*, you must enter the Estimated Cumulative Cost and the Actual Cumulative Paid, year to date. The tool then calculates the adjustment simply as the difference between the two. If the result is negative, no adjustment is made. You can enter up to ten different categories of personnel expense and ten different categories of administrative expense. The corresponding data entry rows will open up once you type in a name for the expense category.

---

<sup>4</sup> Please note that the tool uses the Average Market Rate to calculate the adjustment. This is a deviation from the Framework Manual, which uses the Market Rate itself. The reason the FRAME deviates from the manual is that the manual only refers to annual, not monthly or quarterly, data. In the FRAME tool, monthly or quarterly data might be available, and therefore the average rate is used in order to increase the accuracy of the calculations.

**Figure 13: In-Kind Subsidy Entry**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		Bench	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>				0	1	0
162	A2	In-Kind Subsidy Adjustment					
163	A2.1	Personnel Expense Adjustment					
214		1	Technical Advisor				
215			Estimated Cumulative Cost (YTD)			216,000	234,000
216			Actual Cumulative Paid (YTD)			0	0
217			Cumulative Adjustment (YTD)			216,000	234,000
218		2	MIS Manager				
219			Estimated Cumulative Cost (YTD)			108,000	114,000
220			Actual Cumulative Paid (YTD)			0	0
221			Cumulative Adjustment (YTD)			108,000	114,000
222		3					
	A2.1	<b>Total Adjustment for Personnel Expenses</b>				324,000	348,000
254							
255							
256	A2.2	Administrative Expense Adjustment					
307		1	Technical Assistance				
308			Estimated Cumulative Cost (YTD)				87,000
309			Actual Cumulative Paid (YTD)				0
310			Cumulative Adjustment (YTD)			0	87,000

### Adjustment for Inflation (A3)

This section does not require you to input any additional data. It takes information you've entered in the **DataInput** sheet and calculates the adjustment as described in the Framework Manual (pp. 52-53), using beginning balances of Equity and Fixed Assets.

### Adjustment for Impairment Loss Allowance (A4)

FRAME uses the standard portfolio aging schedule for benchmarking (p.56). The only data you need to enter are the portfolio values for each aging category. The error verification row will show "Error" until the values you enter add up to the Value of the Portfolio on the Balance Sheet. Once the total adds up, the verification row will show "Correct," as in the example below for FY04.

**Figure 14: Non-Performing Loan Entry**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		Bench	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>			0	1	0	
423			<b>FOR NON-PERFORMING LOANS</b>				
424	A4	Adjustment for Impairment Loss Allowance					
459							
460			Portfolio Aging Schedule for Benchmarking:	Loss Allowance Rate		Value of Portfolio	Value of Portfolio
461	0	0	Current Portfolio	0%		9,382,138	12,582,062
462	1	30	Portfolio at Risk 1 to 30 days	10%		160,000	550,000
463	31	90	Portfolio at Risk 31 to 90 days	30%		175,000	250,000
464	91	180	Portfolio at Risk 91 to 180 days	60%		53,250	86,300
465	181		Portfolio at Risk > 180 days	100%			39,850
466			Renegotiated Portfolio	100%		0	60,660
467			Total			9,770,388	13,568,872
468	B4	Value of Portfolio on Balance Sheet				9,797,948	13,568,872
469		Error verification				<b>Error</b>	<b>Correct</b>
470							
471			Impairment Loss Allowance for Benchmarking				
472	0	0	Current Portfolio			0	

FRAME will then multiply the allowance rates by the portfolio values for each aging category to get the Impairment Loss Allowance for Benchmarking. The total will be compared to the *Impairment Loss Allowance* on the Balance Sheet (B5) and the resulting difference will be the Adjustment. If the result is a negative number, the adjustment will be zero.

### Adjustment for Write-offs (A5)

This section uses the benchmarking standard of 180 days for writing off loans (p. 59). FRAME calculates the write-off adjustment (A5.1), the *Adjusted Gross Loan Portfolio (B4adj)*, and the *Adjusted Impairment Loss Allowance (B5adj)* using information found elsewhere in the tool.

In order to calculate the Adjustment to Number of Loans Outstanding (A5.2), you will need to enter the Number of Loans past-due more than 180 days. This figure will be subtracted from the *Number of Loans Outstanding (P3)* to get the *Adjusted Number of Loans Outstanding (P3adj)*.

## True Performance Adjustments

The True Performance Method is more complex and requires greater data input.

### Adjustment for Subsidized Cost of Funds (A1)

FRAME allows the user to enter up to 10 different funding liabilities that carry a below-market rate. For each funding liability, input data in rows 1, a, c, e, and h as shown in Figure 15 below:

***Tutorial***

To view the tutorial of the information explained in this section, run the file titled **AdjustmentTPTutorial.exe**

**Figure 15: Subsidized Cost of Funds Entry**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		TruePerf	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>			0	0	0	0
35	<b>Adjustment Calculations</b>						
36							
37		<b>FOR SUBSIDIES:</b>					
38	A1	Subsidized Cost of Funds Adjustment					
39		In the section below, enter information for each type of funding liability that carries a below market rate.					
40		1 Profund					
41	a	End of Period Balance		2,000,000	2,000,000	2,000,000	2,000,000
42	b	Calculated Average Balance (YTD)			2,000,000	2,000,000	2,000,000
43	c	Average Override Row					
44	d	Average Used in Calculations			2,000,000	2,000,000	2,000,000
45	e	Annual Market Rate		18.0%	18.0%	17.0%	17.0%
46	f	Average Annual Market Rate (YTD)			18.0%	17.5%	17.5%
47	g	Cost of Funds at Market Rate			360,000	350,000	350,000
48	h	Interest and Fee Expense on Account - YTD			115,000	120,000	120,000
49	i	YTD Adjustment			245,000	230,000	230,000
50	j	Amount used in Subsidy Adjustment			245,000	230,000	230,000
51		2 Sisters of Charity					

In line b, the tool calculates a simple average using the end of period balance of the current period and the previous periods. Use the override row in line c to enter a different average, for example, using daily, monthly, or quarterly balances if you wish to use a more exact average.

For the *Interest and Fee Expense on Account* (line h), keep in mind that this is the portion of interest and fees from the income statement that corresponds only to this funding liability

The tool calculates the YTD adjustment<sup>5</sup>. The last line (line j) shows the actual amount used in the adjustment because if the adjustment is negative, the adjustment amount will be zero.

### Adjustment for In-Kind Subsidy (A2)

This section calculates adjustments for 3 types of in-kind subsidies: Personnel Expense (A2.1), Administrative Expense (A2.2) and Fixed Assets (A2.3). Again, here you can enter up to 10 different categories for each adjustment.

The Personnel and Administrative Expense Adjustments work exactly the same way. You must input the *Estimated Monthly Market Cost* and the *Actual Monthly Cost*. In *Number of Months this period* you should enter the number of months that you actually had the subsidized expense. For example, in a given quarter you may have received technical assistance only in one of the months; therefore, you would enter 1. (Note that this is the number of months *in the period* for that column, not the cumulative number of months in the fiscal year.) The tool will then calculate the adjustment and add it to the total at the bottom.

**Figure 16: In-Kind Subsidies Entry**

	B	C	D	T	AG	AK	AN
1	<b>Adjustments Input Sheet</b>			FY03	FY04	Q1	Q2
2	Ref	Account Name		Dec-03	Dec-04	Mar-05	Jun-05
3	<b>Error Count</b>			0	0	0	0
162	A2	In-Kind Subsidy Adjustment					
163	A2.1	Personnel Expense Adjustment					
164		1	Technical Advisor				
165			Estimated Monthly Market Cost	18,000	19,500	20,000	20,000
166			Actual Monthly Cost	0	0		
167			Number of Months this Period	12	12	3	
168			Cumulative Adjustment (YTD)	216,000	234,000	60,000	120,000
169		2					
254	A2.1	<b>Total Adjustment for Personnel Expenses</b>		<b>216,000</b>	<b>234,000</b>	<b>60,000</b>	<b>120,000</b>
255							
256	A2.2	Administrative Expense Adjustment					
257		1	Technical Assistance				
258			Estimated Monthly Market Cost		87,000		43,500
259			Actual Monthly Cost				
260			Number of Months this Period		1		
261			Cumulative Adjustment (YTD)	0	87,000	0	43,500
262		2					
347	A2.2	<b>Total Adjustment for Other Administrative Expenses</b>		<b>0</b>	<b>87,000</b>	<b>0</b>	<b>43,500</b>

<sup>5</sup> Please note that the tool uses the Average Market Rate to calculate the adjustment. This is a deviation from the Framework Manual, which uses the Market Rate itself. The reason the FRAME deviates from the manual is that the manual only refers to annual, not monthly or quarterly, data. In the FRAME tool, monthly or quarterly data might be available, and therefore the average rate is used in order to increase the accuracy of the calculations.

The Fixed Asset Adjustment asks for the *Value* of the subsidized asset and the *depreciation rate for the period*, or amount “consumed” during the period. For example, if an asset has a useful life of 5 years, the annual depreciation rate would be 20%. If you are entering quarterly data, the depreciation rate would be 5%; that is, 20 divided by 4 quarters. The tool will then calculate the Value Consumed, and add it to the total adjustment to depreciation expenses at the bottom.

### **Adjustment for Inflation (A3)**

Using the dropdown menu in Section A3, select which balance of *equity* and *net fixed assets* you wish to use in the calculation: average, beginning, or ending balance (p. 51). You are free to make one choice for equity and a different one for net fixed assets. This is the only piece of information you need to provide. The tool then calculates the adjustment using data you’ve previously entered on the **DataInput** sheet.

### **Adjustment for Impairment Loss Allowance (A4)**

Using the drop-down menu, indicate whether the MFI’s policy is adequate because it reflects true performance (p. 55). If the policy is adequate, no adjustment is necessary and you can go on to the next adjustment. If you indicate that the policy is inadequate because it does not reflect true performance, a series of rows will open up requiring data input.

The Error Verification Row at the bottom (Excel row 441) ensures that the sum of the portfolio values you enter equals the Value of the Loan Portfolio on the Balance Sheet. For example, in the screenshot below you can see how the FY03 values are “Correct”, whereas the FY04 column displays an “Error” because the loan portfolio values entered do not yet add up to the portfolio value on the Balance Sheet.

**Figure 17: Non-Performing Loans, True Performance**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		TruePerf	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>				0	0	1
423	<b>FOR NON-PERFORMING LOANS</b>						
424	A4	Adjustment for Impairment Loss Allowance					
425		The MFI's Impairment Loss Allowance policy:		Is not adequate because it does not reflect true performance			
426							
427	From	To	Portfolio Aging Schedule for True Performance	Allowance Rates		Value of Portfolio	Value of Portfolio
428	0	30	Current Portfolio	0%		9,000,000	11,000,000
429	31	60	Portfolio at risk 31 to 60 days	10%		500,000	1,000,000
430	61	90	Portfolio at risk 61 to 90 days	25%		200,000	1,000,000
431	91	180	Portfolio at risk 91 to 180 days	50%		90,000	500,000
432	181		Portfolio at risk over 180 days	100%		7,948	
439			Total			9,797,948	13,500,000
440	B4		Value of Portfolio on Balance Sheet			9,797,948	13,568,872
441			Error verification			Correct	Error
442							
443	From	To	Adjusted Impairment Loss Allowance				

Next, FRAME will calculate the Adjusted Impairment Loss Allowance multiplying the allowance rates times the value of the loan portfolio for each aging category entered above. The tool will then add up all the allowances and compare the result to the Impairment Loss Allowance on the Balance Sheet. The difference between the two will be the *Adjustment for Impairment Loss Allowance*. If the result is negative, no adjustment will be made.

**Figure 18: Adjustment to Impairment Loss Allowance**

	B	C	D	H	T	AG	AK
1	<b>Adjustments Input Sheet</b>						
2	Ref	Account Name		FY03 Init Bals	FY03 Dec-03	FY04 Dec-04	Q1 Mar-05
3	<b>Error Count</b>			0	0	1	1
431	91	180	Portfolio at risk 91 to 180 days		90,000	500,000	
432	181		Portfolio at risk over 180 days		7,948		
439			Total		9,797,948	13,500,000	
440	B4		Value of Portfolio on Balance Sheet		9,797,948	13,568,872	14,658,
441			Error verification		Correct	Error	Error
443	From	To	Adjusted Impairment Loss Allowance				
444	0	30	Current Portfolio		0	0	
445	31	60	Portfolio at risk 31 to 60 days		50,000	100,000	
446	61	90	Portfolio at risk 61 to 90 days		50,000	250,000	
447	91	180	Portfolio at risk 91 to 180 days		45,000	250,000	
448	181	0	Portfolio at risk over 180 days		7,948	0	
455			Total		152,948	600,000	
456	B5		Impairment Loss Allowance on Balance Sheet		195,646	353,650	327,
457			Adjustment for Impairment Loss Allowance		(42,698)	246,350	(327,5
458	A4		Amount used in Adjustment for Impairment Loss Allowance		0	246,350	

### Adjustment for Write-offs (A5)

This section is similar to the previous one in that you must first indicate whether the MFI’s policy is adequate or not (Framework Manual p. 58). If the policy is not adequate, a series of rows will open up requiring data input. The Write-Off Adjustment has two effects: one on the Gross Loan Portfolio and the Impairment Loss Allowance (A5.1) and the other one on the Number of Loans Outstanding (A5.2). To calculate these effects, you must first enter the number of days after which loans should be written off to reflect true performance. In the example below, that number is 120.

**Figure 19: Write-off Adjustment**

	B	C	D	G	H	T	AG
1	<b>Adjustments Input Sheet</b>			Curr Meth	FY03	FY03	FY04
2	Ref	Account Name		TruePerf	Init Bals	Dec-03	Dec-04
3	<b>Error Count</b>				0	0	0
483	A5	Write-off adjustment					
484		The MFI's Write-off policy:		Is not adequate because it does not reflect true performance			
485							
486		Number of days after which loans should be written off		120			
487							
488	A5.1	Adjustment to Gross Loan Portfolio and Impairment Loss Allowance					
489		Portfolio at Risk > 120 days				45,810	81,150
490		Portfolio at Risk > 120 days that is adequately written-off					
491	A5.1	<b>Write-off adjustment (value of loans)</b>				<b>45,810</b>	<b>81,150</b>
492							
493	B4	Gross Loan Portfolio				9,797,948	13,568,877
494	B4adj	<b>Adjusted Gross Loan Portfolio</b>				<b>9,752,138</b>	<b>13,487,727</b>
495	B5	Impairment Loss Allowance				195,646	353,650

### Adjustment to Gross Loan Portfolio and Impairment Loss Allowance (A5.1)

Enter the value of the portfolio that is at risk greater than the number of days indicated, and then enter any portion of this value which you consider to be written-off adequately under the MFI's policy (see Framework Manual, box p. 58). The write-off adjustment will be the difference between these two values. Finally, the tool takes this adjustment and subtracts it from the Gross Loan Portfolio (B4) and from the Impairment Loss Allowance (B5) giving as a result the *Adjusted Gross Loan Portfolio (B4adj)* and the *Adjusted Impairment Loss Allowance (B5adj)*.

### Adjustment to Number of Loans Outstanding (A5.2)

Enter the number of loans at risk more than the number of days you indicated above and any portion of this number that you consider to be adequately written off under the MFIs policy. The resulting difference will be the write-off adjustment to be subtracted from the Number of Loans Outstanding (P3).

## Adjusted Denominator Values

The last section of this sheet allows you to enter initial adjusted balances that are needed to calculate adjusted ratios for the first period of data. This is an optional section. If you are able to fill in this information, your ratios will be more accurate. If you don't have it, the tool will simply use the unadjusted balances to calculate ratios for the first period of data, and the effect should be minimal.

## The Output(Adj) Sheet

The **Output(Adj)** sheet is visible only if the Analytical Adjustments feature has been enabled on the **Setup** sheet. This sheet only presents the Income Statement, Balance Sheet, and Portfolio Data, because these are the only three data areas that are affected by the analytical adjustments.

### Framework Manual

The structure of this sheet is described on page 62 of the Framework Manual.

The content of the information reflects exactly that displayed on page 62 of the Framework Manual. However, the format is adjusted from that in the manual to allow multi-column data. As shown in Figure 20, the adjustment lines are colored differently from other lines in the financial reports and are given reference numbers beginning with the letter “A”.

Figure 20: The Output(Adj) Sheet

	B	C	D	E	H	T	AG	AK	AN
1	Data Output Sheet- ADJUSTED				FY03	FY03	FY04	Q1	Q2
2	Ref	X-Ref	Account Name		Init Bal	Dec-03	Dec-04	Mar-05	Jun-05
7	<b>Income Statement</b>								
9	I1		Financial Revenue			3,487,360	4,061,739	1,220,721	2,576,54
10	I2	C1	Financial Revenue from Loan Portfolio			3,135,431	3,823,119	1,157,400	2,448,00
11	I3		Interest on Loan Portfolio			2,947,305	3,593,732	1,087,956	2,304,00
12	I4		Fees and Commissions on Loan			188,126	229,387	69,444	144,00
13	I5		Financial Revenue from Investments			18,068	35,624	17,144	45,45
14	I6		Other Operating Revenue			333,861	202,996	46,177	83,08
15	I7		Financial Expense (adjusted)			677,516	1,061,911	458,723	929,82
16	I8		Financial Expense on Funding Liabilities (adjusted)			677,516	582,892	153,229	331,36
17	I9		Interest and Fee Expense on Deposits			0	0	0	
18	I10		Interest and Fee Expense on Borrowings			125,000	205,000	78,993	185,56
19	A.1		Adjustment for Subsidized Cost of Funds			552,516	377,892	74,236	145,80
20	I11adj		Other Financial Expense (adjusted)			0	479,018	305,494	598,45
21	A3		Adjustment for Inflation			0	479,018	283,994	558,15
24	I12		Net Financial Income			2,809,844	2,999,828	761,998	1,646,71
25	I13adj	C29	Impairment Losses on Loans (adjusted)			229,300	321,942	2,411	15,62
26	A4		Adjustment for Impairment Loss Allowance			0	0	0	
27	I14		Provision for Loan Impairment			229,300	329,442	13,211	26,42

As with the **Output(Unadj)** sheet, this entire sheet is read-only. This means that no information can be entered or changed directly on this sheet, but rather must be changed on other sheets in FRAME.

## The Financial Reports (Adjusted) Sheet

The **FinReports (Adj)** sheet is displayed only if you enabled the Analytical Adjustments on the **Setup** sheet. It allows you to view and print an Adjusted Income Statement and an Adjusted Balance Sheet for the current period. To visually distinguish it from the **FinReports(Unadj)** sheet, this sheet uses a green shade for the major accounts of the financial statements.

### Framework Manual

The structure of these reports is described on pages 62-63 of the Framework Manual.

As in the **FinReports(Unadj)** sheet, you are asked to first make some choices to indicate how you want the reports to appear depending on the choices you made initially on the **Setup** sheet. You have to indicate the cut-off date of the report, and the currency in which you wish to view the reports.

As you can see in Figure 21, the report shows three columns of data: Current period data, Adjustments, and Adjusted Current Period data. You can refer to the “X-Ref” column to see which adjustment is affecting a particular line item and go back to the **AdjInput** sheet if you wish to see how each adjustment was calculated. As in the **FinReports(Unadj)** sheet, you have a user comments column to type in any explanations, and you can print each report individually by clicking the “Print this Report” button at the top of the two reports.

**Figure 21: The FinReports(Adj) Sheet**

Ref	X-Ref	Account Name	Current Period	Adjustments	Adjusted Current Period
I1		<b>Financial Revenue</b>	1,220,721		1,220,721
I2		Financial Revenue from Loan Portfolio	1,157,400		1,157,400
I3		Interest on Loan Portfolio	1,087,956		1,087,956
I4		Fees and Commissions on Loan Portfolio	69,444		69,444
I5		Financial Revenue from Investments	17,144		17,144
I6		Other Operating Revenue	46,177		46,177
I7		<b>Financial Expense</b>	100,493	346,071	446,564
I8	A1	Financial Expense on Funding Liabilities	78,993	62,258	141,251
I9		Interest and Fee Expense on Deposits	0		0

# The Ratios Sheet

The **Ratios** sheet comes after the **Financial Reports** sheets. Once the **DataInput** sheet has been filled out, this sheet will show unadjusted ratios (shaded green) for each period of data. In addition, if you enabled the Analytical Adjustment calculations on the **Setup** sheet and have completed the **AdjInput** sheet, you will be able to see adjusted ratios (shaded orange). The adjustment method currently selected is shown as a reference at the top of the sheet.

The sheet's structure closely follows **Chapter 4** of the Framework Manual, grouping the 18 SEEP ratios into four different categories. If you click the Definitions Button on the toolbar, two columns will open up. As you can see in Figure 22 below, the first column shows the ratio definition and the second column shows the ratio's formula. You can hide these columns by clicking the Definitions Button again.

**Framework Manual**  
These Ratios are described in detail in Chapter 4 of the Framework Manual.

**Figure 22: The Ratios Sheet**

Ratios Sheet									
Ref	Account Name	Definition	Formula	Calc	FY03	FY04			
Adjustment Method Chosen: Benchmarking									
<b>Sustainability and Profitability</b>									
R1	Operational Self-Sufficiency (OSS)	Measures how well an MFI can cover its costs through operating revenues. (Note that any taxes paid are excluded from this ratio.)	Financial Revenue (Financial Expense + Impairment Losses on Loans + Operating Expense)	II (I7+I13+I16)	149%				
R1 <sup>ADJ</sup>	Financial Self-Sufficiency (FSS)	Measures how well an MFI can cover its costs taking into account adjustments to operating revenues and expenses. (Note that any taxes paid are excluded from this ratio.)  If the MFI chooses to apply the accrued interest adjustment (not included in this tool), then the numerator would be Financial Revenue - Accrued Interest Adjustment.	Financial Revenue (Adjusted Financial Expense + Adjusted Impairment Losses on Loans + Adjusted Operating Expense)	II (Adjusted I7+Adjusted I13+Adjusted I16)	104%				
R2	Return on Assets (ROA)*	Measures how well the MFI uses its assets to generate returns. This ratio is net of taxes and excludes non-operating items and donations.	Net Operating Income - Taxes Average Assets	(I21-I26) B12**	21.0%				
R2ADJ	Adjusted Return on Assets (AROA)*		Adjusted Net Operating Income - Taxes Average Adjusted Assets	(Adjusted I21-I26) Adjusted B12**	2.6%				
R3	Return on Equity (ROE)*	Calculates the rate of return on the Average Equity for the period. Because the numerator			31.7%	1			

## Targets and Benchmarks

Moving to the right of the ratio calculations to Columns AV and AW, you will see two grey-shaded columns: *Target* and *Benchmark*. These columns are only visible if you enabled the “Forecast, Variance, and Benchmark Analysis” option on the **Setup** sheet.

**Figure 23: Target and Benchmark Entry**

	B	C	AU	AV	AW	AX
1	<b>Ratios Sheet</b>		Q4	FY05	Bench-	
2	Ref	Account Name	Dec-05	Target	mark	
7	Adjustment Method Chosen: Benchmark					
8						
10	<b>Sustainability and Profitability</b>					
11	R1	Operational Self-Sufficiency (OSS)	137%	150.0%		
13	R1 <sup>ADJ</sup>	Financial Self-Sufficiency (FSS)	103%	100.0%		
15	R2	Return on Assets (ROA)*	8.1%	10.0%	12.0%	
17	R2ADJ	Adjusted Return on Assets (AROA)*	0.9%	5.0%		
19	R3	Return on Equity (ROE)*	11.2%	15.0%		
21	R3 <sup>ADJ</sup>	Adjusted Return on Equity (AROE)*	1.3%	7.0%		
23	<b>Asset/Liability Management</b>					
24	R4	Yield on Gross Portfolio*	32.9%	34.0%	36.0%	
26	R5	Portfolio to Assets	86.5%	90.0%	87.0%	
28	R6	Cost of Funds Ratio*	10.3%			
30	R6 <sup>ADJ</sup>	Adjusted Cost of Funds*	15.3%			
32	R7	Debt to Equity	0.50x			

The *Target* Column allows you to enter projected ratios for the most recent fiscal year available in the tool. Ideally, your MFI will have financial projections for the most recent year and they will include target ratios. Enter your projected ratios in the input cells. By doing so, the tool will be able to use these targets to present variance analysis in the standard and custom reports available to you later in FRAME. Leaving a cell empty doesn't cause any problems, but you should try to enter as many projected ratios as you have.

The *Benchmark* Column works in a very similar way. In this case, the column allows you to enter existing benchmarks with which to compare your MFIs performance. These benchmarks will also appear in the standard and custom reports available to you later in FRAME. You are free to decide on the appropriate benchmark to use depending on your MFI's specific characteristics.

## User comments

The sheet also includes a column for you to type in comments that you may wish to make as notes for yourself, or in case you want to print the sheet for someone else showing an explanation regarding any of the ratios.

## Gender ratios

The FRAME tool includes a fifth category of ratios, which was not part of the Framework Manual. This category consists of two gender ratios that are only visible if you have enabled *Gender Ratios* on the **Setup** sheet. Keep in mind that these ratios will only show actual calculations if you have filled out the *Gender Data* information found in the *Non-Financial Data* section of the **DataInput** sheet.

## User-defined ratios

The bottom part of the sheet includes a section where you may add up to 25 user-ratios. These rows will only be visible if you have enabled *User-Defined Accounts* in the **Setup** sheet. Enter the ratio's name in Column C. Then, click the Definitions Button to type in the ratio's definition in Column D. Then, in Column I, you must use the dropdown menu to select either "s" or "f". In most cases, you should choose "s". These stand for "stock" and "flow." Choose "f" if the ratio you generate is simply a year-to-date figure (not an annualized figure). If that is the case, FRAME's reports will automatically annualize the displayed value to give an accurate year-to-date variance analysis. The choice you enter here does not affect any other section of the FRAME.

Moving to the right to each of the period columns, type in the formula you wish to use for each user ratio. The formula can take data from any of the data points found elsewhere in the FRAME. For example, you may want to take data found in the **DataInput** sheet, either from data points included by default in the tool or data points you may have added using the user-defined rows. Or you may decide to take data from one of your User-Defined Sheets. Once you have entered the formula in the first column, copy it over to the rest of the period columns. You should carefully review each of the formulas copied to make sure you are taking data from the appropriate place.

**Figure 24: User-Defined Ratios**

The screenshot shows an Excel spreadsheet titled "SEEP FRAME Tool" with the following structure:

	B	C	W	AI	AL	AO	AR
1	<b>Ratios Sheet</b>		FY03	FY04	Q1	Q2	Q3
2	Ref	Account Name	Dec-03	Dec-04	Mar-05	Jun-05	Sep-05
77	<b>Gender Ratios</b>						
78	GR-1	Female active clients as a percent of total active clients	0%	0%	0%	0%	0%
80	GR-2	Female active borrowers as a percent of total active borrowers	0%	0%	0%	0%	0%
82	<b>User-defined Ratios</b>						
84							
85	UR-1						
86	UR-2						
87	UR-3						
88	UR-4						
89	UR-5						
90	UR-6						
91	UR-7						
92	UR-8						
93	UR-9						
94	UR-10						
95	UR-11						
96	UR-12						
97	UR-13						

The status bar at the bottom shows the current sheet is "Ratios / MMR" and the active cell is "NUM".

## **Part 4: Management Reports**

This final part of the manual describes the various management report formats incorporated into the FRAME Tool, as well as methods for customizing those reports.

The FRAME Tool also includes unprotected User-Defined Sheets, which may be customized by the user. Using the toolbar, you may add as many user sheets as you like,.

## ***The Performance Monitoring Reports***

Chapter 5 of the Framework Manual is titled “Creating and Analyzing Performance Monitoring Reports”. The first part of the chapter explains how to create trend analysis, variance analysis, and benchmarking comparisons. It then presents sample formats for six different reports, each of which incorporates the techniques which were explained in the first part of the chapter.

***Framework Manual***  
 These Reports are described in detail in Chapter 5 of the Framework Manual.

The FRAME tool incorporates these predefined reports, as shown in the following table:

<b>Reports listed in Chapter 5 of the Framework Manual</b>	<b>Location</b>	<b>Sheet in FRAME Tool</b>
Monthly Management Report	Table 5.1, p.93	MMR
Quarterly Income Statement with Revenue Analysis	Table 5.2, p.95	QtrFinan
Quarterly Balance Sheet with Asset Allocation Analysis	Table 5.3, p.96	QtrFinan
Quarterly Management Report	Table 5.4, p.97	QMR
Board Report	Table 5.5, p.99	BoardRep
Donor, Creditor, Investor Report	Table 5.6, p.102	DonorRep

Although not immediately obvious, all of the report sheets listed in above table, except the **QtrFinan** sheet, are built from the same standardized worksheet. This worksheet includes a customizing feature, so you may modify these reports in quite a number of ways.

We will first review the initial layout of the Monthly Management Report (the **MMR** sheet), shown in Figure 25. We will then describe how to use **Design Mode** to customize these reports.

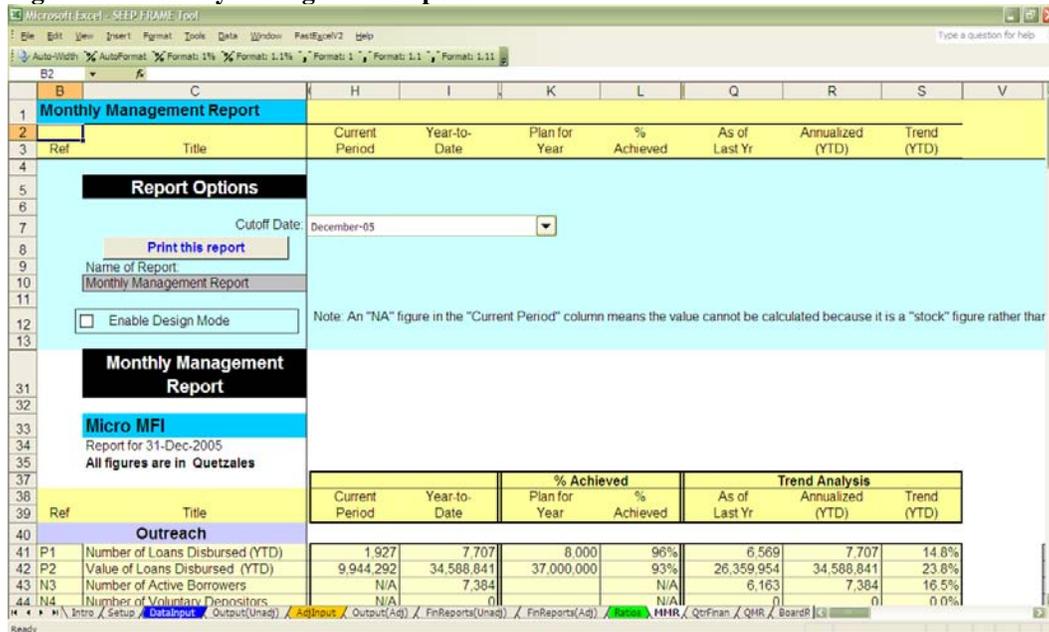
***Tutorial***  
 To view the tutorial of the information explained in this section, run the file titled **ReportTutorial.exe**

- **Cutoff Date:** The report has a dropdown menu for choosing the Cutoff Date, listing the reporting periods for the current fiscal year. (This dropdown menu will not be visible if you have selected “annual data” for the current year. It will only appear if you selected Monthly or Quarterly data entry options.)
- **Print button:** There is a button to send this report to the printer.
- **Comments:** On the far-right of the screen, there are grey input cells to note comments
- **Format buttons:** The toolbar contains formatting buttons that you may need to use to select a different format for a particular data point. For example, you can increase the number of decimal places, or you can change a numerical format to

a percentage format. Because worksheets are protected in the FRAME tool, you will need to use these buttons to make formatting changes.

- **Design Mode:** Each of these pre-defined report sheets contains a button titled “Enable Design Mode.” This button will allow you to make substantial changes to the content of the report. This procedure is described in the following section.

**Figure 25: Monthly Management Report**

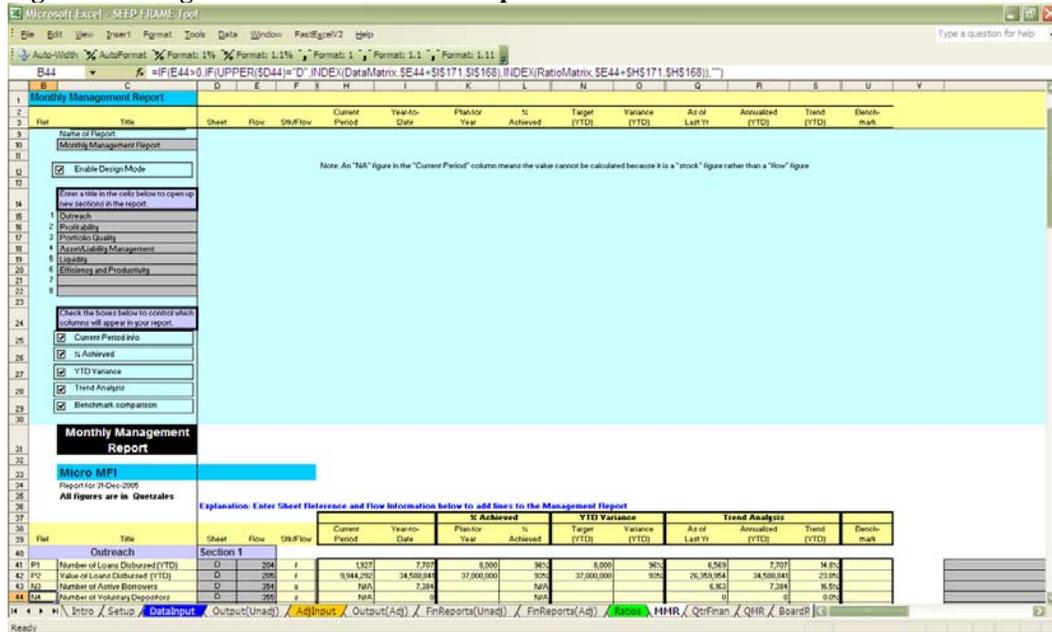


## Design Mode

When you click the checkbox for “Enable Design Mode,” the report worksheet opens up new rows and columns which enable you to make substantial changes to the content of the report. Figure 26 shows the MMR with the Design Mode enabled. When you first enable Design Mode, the information in the grey cells corresponds to the data that appears in the reports as they are presented in the Framework Manual.

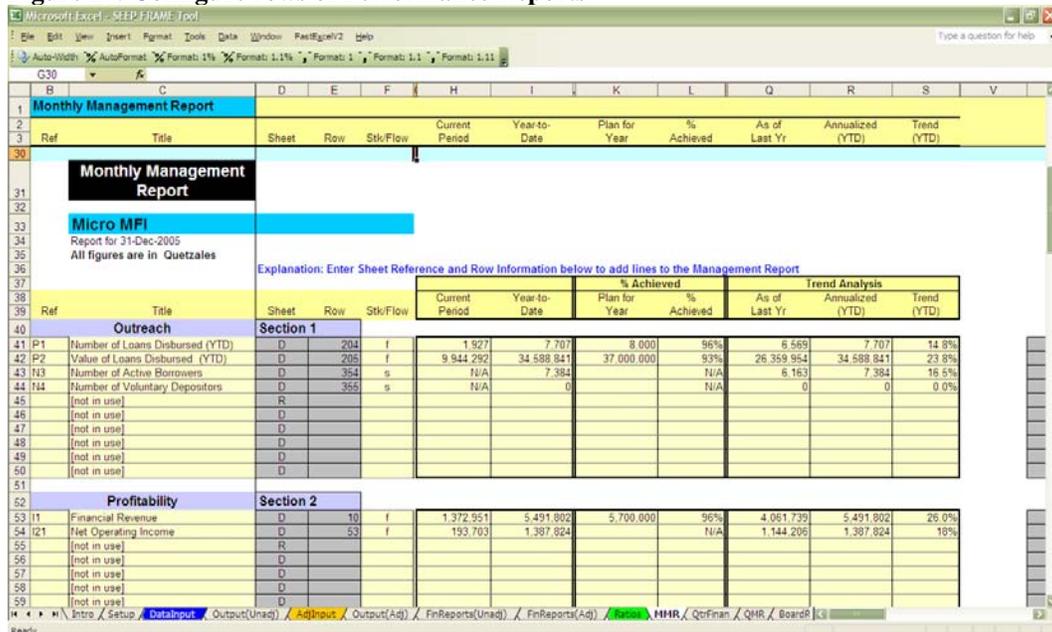
- **Sections:** Rows 14-22 allow you to define up to eight distinct sections of the report. If you leave a title cell blank, the section will be hidden from the report. Notice how when you first enable Design Mode, the first six rows contain the titles of the rows from the reports as they are presented in the Framework Manual.
- **Columns:** Rows 24-29 allow you to designate which columns will be included in the report. The choices are: current period info, % achieved, YTD variance, trend analysis, and benchmark comparison. Figure 26 shows all of these columns enabled.

**Figure 26: Design Mode of Performance Reports**



- Row content:** Each of the eight sections of the report can contain up to ten lines of data. As shown in Figure 27, unused lines are indicated by a “[not in use]” title in Column C. You can change any of the already-defined lines, or add any new lines by using the input columns, D and E. Column D allows you to choose data from either the **Output(Unadj)** sheet (by entering a “D”) or the **Ratios** sheet (by entering an “R”). In Column E you then enter the Excel row number of the data point you wish to incorporate into this report. You can add any of the lines of information from these two sheets. Once you enter a row number, the report will update itself to show the title of the new data point incorporated into the report.

**Figure 27: Configure rows of Performance Reports**



Once you have completed the customization of your report, click the “Enable Design Mode” checkbox again to exit design mode and display your customized report. Once you learn how to use Design Mode, you will be able to customize these report templates to create dramatically different reports.

## The QtrFinan Sheet

The only report sheet in this section that does not use the customizable report template is the **QtrFinan** sheet. This sheet generates quarterly Income Statement and Balance Sheet reports following the designs shown on pages 95 and 96 of the Framework Manual.

### *Framework Manual*

The Quarterly Report is described on pages 95-96 of the Framework Manual.

There are only two options on this sheet:

- **Cutoff Date:** The report has a dropdown for choosing the Cutoff Date, listing the reporting periods for the current fiscal year. (This dropdown will not be visible if you have selected “annual data” for the current year. It will only appear if you selected Monthly or Quarterly data entry options.)
- **Include Sub-accounts:** You can also choose to include sub-accounts in the reports by clicking the checkbox. This checkbox will only appear if you enabled user sub-accounts in the **Setup** sheet.
- **Print button:** There is a button to send this report to the printer.
- **Comments:** There are grey input cells to note comments on the far-right of the screen.

## ***The User-defined Sheets***

The FRAME tool sheets are protected to ensure the integrity of the tool and the accuracy of the calculations. In order to allow you to customize the tool, there is an unprotected **User-Defined Sheet**, located near the end of the workbook. This sheet can be modified just like any standard Excel worksheet. You can modify the format and create formulas. You can draw information from elsewhere in the tool (via formulas) and then process that data as you wish. You can create and design new reports, or new ratios. You can also take the results of your calculations and feed them back into the protected sheets of the FRAME tool using the **User-Defined Account** rows, which can be optionally enabled on the **Setup** sheet.

When you are on the **User-Defined Sheet**, the toolbar offers you three choices:

- **Add a sheet:** You can add as many additional User-Defined Sheets as you wish. All of these sheets will be unprotected.
- **Delete this sheet:** You can delete the currently selected user-defined sheet. The FRAME Tool will not allow you to delete the original User-Defined Sheet.
- **Rename this sheet:** You can create your own names for any of the User-Defined Sheets.