



# SNS College of Technology

Coimbatore - 35



**19BAE711 – Working Capital Management**

**Unit IV - Management of Cash & Receivables**

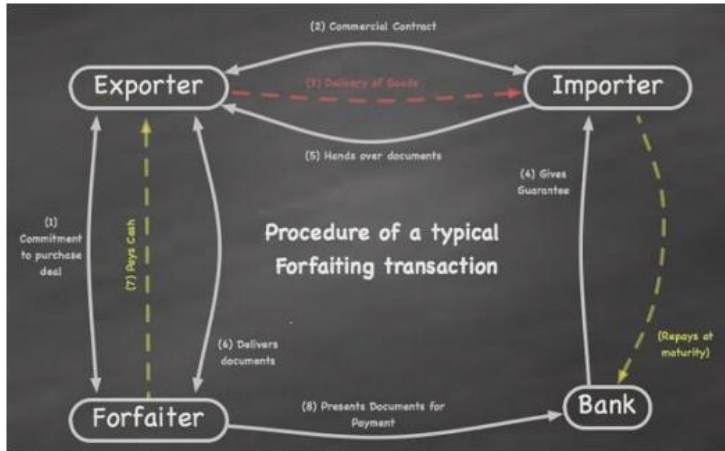
**Presented by**

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*Design Thinker*





# Guest the topic



what are other words for forfeiting?



surrender, relinquish, abandon, renounce, lose, sacrifice, drop, be deprived of, be stripped of, give over



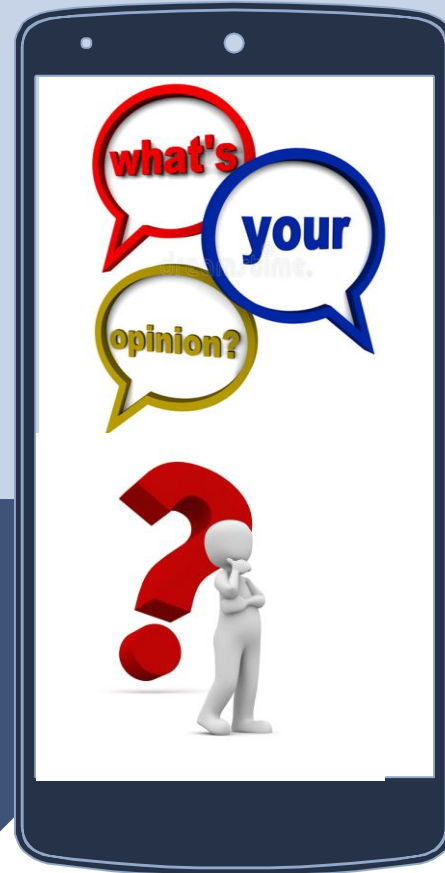
Thesaurus.plus



# Recall

- Factoring
- Types
- Benefits
- Importance



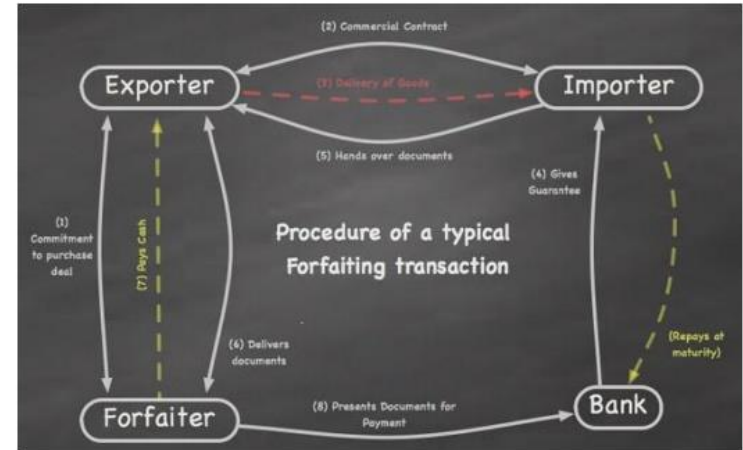


# What is Factoring?



# Forfeiting

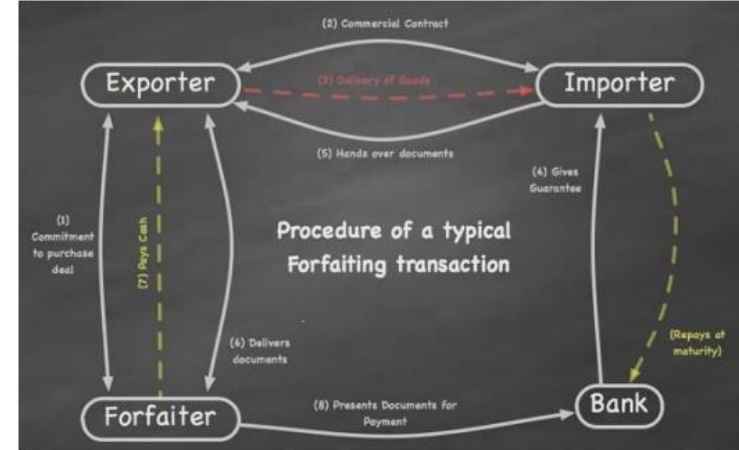
- Forfeiting is the provision of medium-term financial support for the import and export of capital goods.
- The forfaiter is a third party to transactions that takes on certain risks from importers and exporters in return for a margin.
- The forfaiter operates similarly to a central clearing counterparty in the OTC markets.





# Characteristics

- The minimum bill size is either \$250,000 or \$500,000
- The length of credit extended to the importer ranges from six months to seven years
- It is receivable in any major convertible currency, e.g., USD, CAD, EUR, etc.
- A contract for goods and services
- A written letter of credit or a guarantee is made by a bank, usually in the importer's country





# Major Sources of Export Financing

- Working Capital Financing
- Countertrade
- Factoring
- Forfaiting





# What Information Does a Forfeiter Need?



- The identity of the buyer
- Buyer's nationality
- Nature of goods sold
- Detail of the value
- Currency of contract
- Date and duration of the contract
- Credit terms
- Payment schedule
- Interest rate





# Documents Required

- Copy of supply contract, or its payment's terms
- Copy of shipping documents, including airway bill, bill of lading, certificates of receipt, railway bill, or equivalent documents
- Copy of signed commercial invoice
- Letter of assignment and notification to the guarantor
- Letter of guarantee





# Summary

- Forfeiting
- Characteristics
- Sources of Export Financing
- What Information Does a Forfeiter Need?
- Documents Required

SUMMARY





# Assessment

Business sell its accounts receivable to a third party is called as

**Ans: Factoring**





# Reference



- <https://www.investopedia.com/terms/f/forfaiting.asp>
- <https://corporatefinanceinstitute.com/resources/commercial-lending/forfaiting/>



# Reach Us



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*Thank  
you*