

appreciation

an upward movement of
a currency against
another currency

cash flow

the movement of cash in
and out of a business
over a period of time

clean payment

a situation in which payment
is sent to, but not received
by, the exporter before the
goods are transported

cost centres

the particular areas,
departments or sections of
a business to which costs
can be directly attributed

credit risk

the risk of another party
failing to complete a
transaction as agreed

currency swap

an agreement to exchange one currency in the spot market with an agreement to reverse the transaction in the future

current assets

assets that can be turned into cash within 12 months

current liabilities

debts that must be repaid within 12 months, usually including overdraft and accounts payable

derivatives

simple financial instruments that may be used to lessen exporting risks associated with currency fluctuations

direct costs

costs that can be allocated to a particular product (also known as variable costs)

foreign exchange market (forex)	a market that determines the price of one currency relative to another
foreign exchange rate	the ratio of one currency to another
forward exchange contract	an agreement to exchange one currency for another at a certain exchange rate on a future date, usually after 30, 60, 90 or 180 days
hedging	the process of minimising the risk of currency fluctuations
indirect costs	costs that are shared by more than one product

letter of credit

a commitment by the importer's bank, which promises to pay a specified amount when the documents proving shipment of the goods are presented

net working capital

the difference between current assets and current liabilities, representing funds needed for the day-to-day operations of a business

option

a financial instrument that gives the buyer the right, but not the obligation, to buy or sell foreign currency some time in the future

payables

sums of money owed by the business to other businesses from whom it has purchased goods or services

payment in advance

a method that allows the exporter to receive payment and then arrange for the goods to be sent

profitability
management

the control of both the
costs and revenues of a
business

receivables

sums of money due to a
business from customers to
whom it has supplied goods
or services

sale and lease-back

the selling of an owned
asset to a lessor and
leasing the asset back
through fixed payments

spot exchange rate

the value of one
currency in terms of
another currency on a
particular day

working capital

the funds available for
the short-term
commitments of a
business

working capital management

the process of determining the best mix of current assets and current liabilities needed to achieve the objectives of the business
