U3.13 - Print & Cut Flashcards

Cut along the card edges. Each card shows the question on top and the answer underneath.

CARD 1

What is financial risk in export markets?

The possibility that an exporter may lose money, receive less revenue than expected, face higher costs or experience cash flow problems when selling overseas.

CARD 2

What are the two major sources of financial risk in this dotpoint?

Currency fluctuations and non-payment of monies.

CARD 3

What are currency fluctuations and an exchange rate?

Currency fluctuations are changes in the value of one currency against another. An exchange rate shows the value of one currency compared with another.

CARD 4

How can an appreciation of the Australian dollar affect an exporter?

Australian exports become more expensive for overseas buyers, which may reduce demand, export sales, revenue and profit. Imported inputs may become cheaper.

CARD 5

How can a depreciation of the Australian dollar affect an exporter?

Australian exports become cheaper and more competitive overseas, which may increase demand and sales. Imported inputs may become more expensive.

CARD 6

What are the major business impacts of currency fluctuations?

Changes in overseas demand, export revenue, profit, production costs, pricing certainty and cash flow.

CARD 7

What is non-payment of monies?

When an overseas customer does not pay, pays late, pays only part of the invoice or requires costly follow-up after the exporter has supplied goods or services.

CARD 8

How can non-payment of monies occur?

Buyer refusal or insolvency, weak credit checks, long payment terms, difficult legal recovery, or political and banking barriers.

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CARD 9

What are the major business impacts of non-payment of monies?

Cash flow shortages, bad debts, loss of goods and export costs, reduced profit and less ability to fund future growth.