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Report of the E-Learning Activities through Zoom App

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During the online e-learning session following queries raised by the students and the answers provided by me are mentioned:

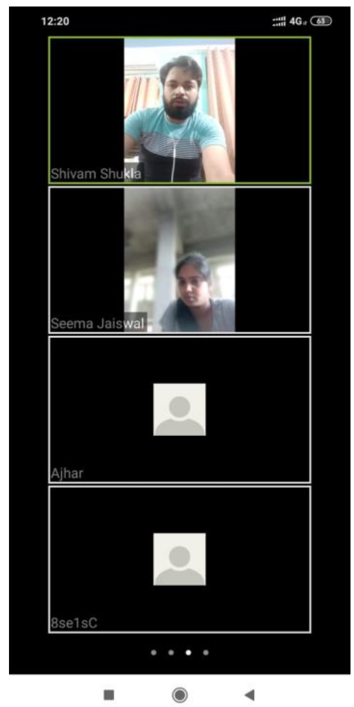
1.) What is Factoring?
Answer: The term factor has been derived from the latin word 'Facere' which means "to make or to do or to get things done". Factoring may broadly be defined as the relationship, created by an agreement, between the seller of goods and services and a financial institution called a factor. A factor is a financial institution that specializes in purchasing receivables from business firms. Factor assumes the risk of collection of receivables and on the event of non payment by debtors/customers bears the risk of bad debts and losses. Usually the period of factoring is 90 to 150 days. Some factoring allow even more than 150 days. Factoring receivables is an ideal financial solution for new and emerging firms without strong financials.

2.) State the steps in Factoring process?
Answer: In popular culture following are the steps involved in the process of factoring in a financial market:
(a) Client concludes a credit sale with customers.
(b) Client sells the customer's account to the factor and notifies the customer.
(c) Factor makes part payment (advance) against account purchased, after adjusting for commission and interest on the advances.
(d) Factor maintains the customer account and follows up for payment.
(e) Customer remits the amount due to the factor.
(f) Factor makes the final payment to the client when the amount is collected or on the guaranteed payment date.

3.) What are the advantages of Factoring?
Answer: In today's world following is the advantages of factoring are given under:
(a) Enables better working capital management by improving current ratio and improving liquidity.
(b) Factoring increases turnover of stock.
(c) Prompt payment and reduction of debt.
(d) Avoiding a distinct collection department.
(e) Helps in reducing other financial and non financial risk.

4.) State the different types of Factoring?
Answer: The four most prominent types of factoring are given under:
(a) Recourse Factoring.
(b) Non Recourse Factoring.
(c) Maturity Factoring.
(d) Cross-Border Factoring.

Screenshots:



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