

# 9 Managing financial risk

Student learning matrix

- 9.2 Banks and financial institutions
- 9.3 Investing in shares
- 9.3 Trading in shares
- 9.4 Financial risk
- 9.5 Superannuation: saving for the future
- 9.7 Crossword






# Student learning matrix

Name: ..... Class: ..... Due date: .....

Monitor your learning throughout this topic by completing this page.

Shade the circle to indicate that you have completed an activity and how well you think you have understood it using the traffic light system.

(**Green:** I understand; **Yellow:** I can do it with help; **Red:** I do not understand).

My progress					
TOPIC 9 Managing financial risk	learnON	eWorksheets			
Pre-test	Date completed:		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9.2</b> Banks and other deposit-taking institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9.3</b> Different types of investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9.4</b> What are the financial risks?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9.5</b> Protection from financial risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>9.6</b> Thinking Big research project: Share investment – a risky business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crossword	Date completed:		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reflection	Date completed:		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Post-test	Date completed:		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Topic test	Date completed:		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Areas for improvement: .....

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Signatures:

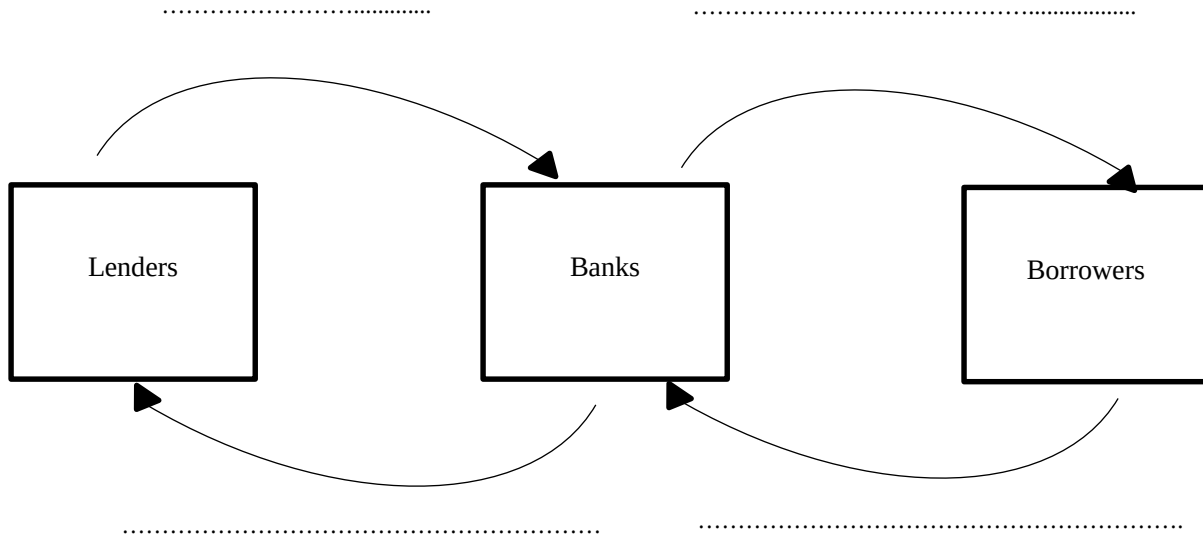
Parent/guardian: ..... Teacher: .....

# Banks and financial institutions

Student: ..... Class: ..... Due date: .....

1. Using the options in the box fill in the flow chart below, showing the interaction between banks, lenders and borrowers.

Pay back loan plus interest	Pay a small amount of interest
Deposit money	Provide loans such as mortgages



2. What is a building society?

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# Investing in shares

Student: ..... Class: ..... Due date: .....

**Fill in the gaps below. You may need to carry out extra research.**

1. Many Australians ..... idle funds in the bank, property or they become part owners of a public company by buying..... These can be bought and sold on the..... Shares are a risky form of investment, but investors experience .....over time as their share portfolio increases in value.
2. If the company generates a ....., then it might share these funds with shareholders in the form of ..... If the company has already paid tax on its profit, then the shareholder should receive ....., which will ..... tax payable on assessable income.
3. If the shares are sold for more than their purchase price, the owner is liable to pay ..... tax. If the shares have been owned for more than a year, the shareholders are usually taxed only on ..... per cent of the gain.
4. Public companies' shares are listed on the ASX, which stands for .....
5. Investors often choose to buy and sell shares by using a ..... who will advise ..... on shares to buy and sell in return for a fee. Generally, shareholders are advised to ..... their share portfolio by investing in a variety of companies such as a bank, retail companies, commodities and so on. This spreads the risk associated with shareholding should the value of shares in a company decline as a result of speculation on the share market.
6. An alternative investment option to shares in investing is a ....., which is a ..... of a variety of investments such as foreign currencies, property, shares, bonds and so on. The managers of the managed funds are responsible for the fund's investment decisions in return for a periodical commission payment.

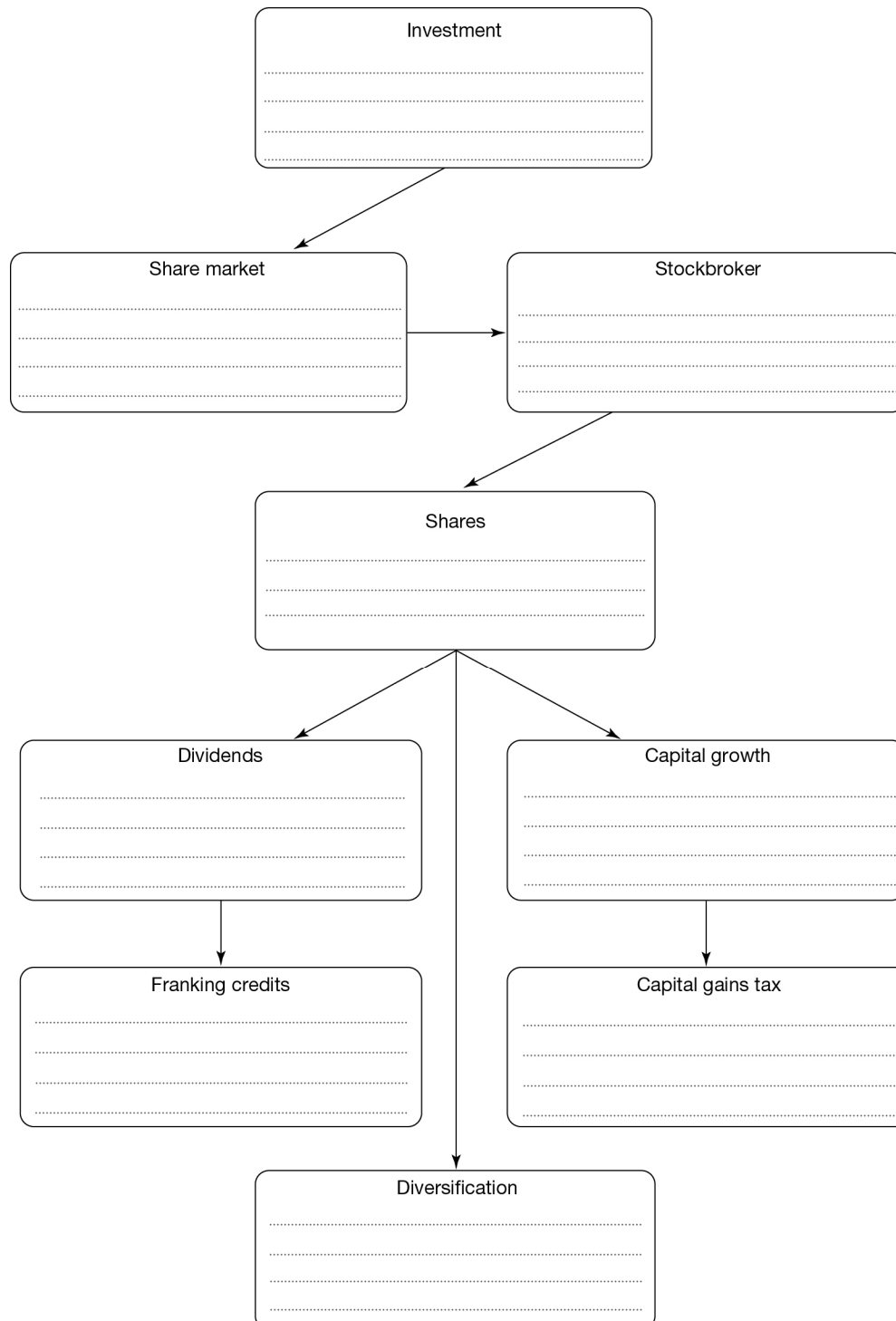


Share market floor

# Trading in shares

Student: ..... Class: ..... Due date: .....

Describe each of the components of share investment in the diagram below.



# Financial risk

Student: ..... Class: ..... Due date: .....

## 1. Match the following types of financial risk terms with their definition.

Liquidity risk	The chance that a borrower will default (become unable to make repayments as promised)
Market risk	The chance that large losses will be made as a result of unfavourable changes in interest rates or the prices of assets (such as shares)
Operational risk	The chance that an investment (such as a share) cannot be traded quickly enough in a market to make a desired profit or avoid a loss
Credit risk	The chance that losses will arise from external events or from inadequate or unsuccessful processes, people and systems

## 2. Describe the difference between scams and identity theft.

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## 3. What kind of insurance would be useful in the following scenarios?

There is a large hailstorm and your car has large dents in the bonnet.

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The computer systems fail and your business loses important information that results in revenue loss.

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You have a car accident and are off work for 6 months to recover.

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There is a huge flood and all the carpet in your house gets damaged and needs replacing.

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An injury causes you to become permanently disabled.

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You are renting a house and leave the gas stove on, causing the house to burn down.

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# Superannuation: saving for the future

Student: ..... Class: ..... Due date: .....

1. Distinguish between the age pension and superannuation by completing the following table.

	Age pension	Superannuation
Explanation	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
How does an individual become eligible?	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
When can funds be accessed?	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
Explanation	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

2. In the following table, compare an investment in shares to managed funds.

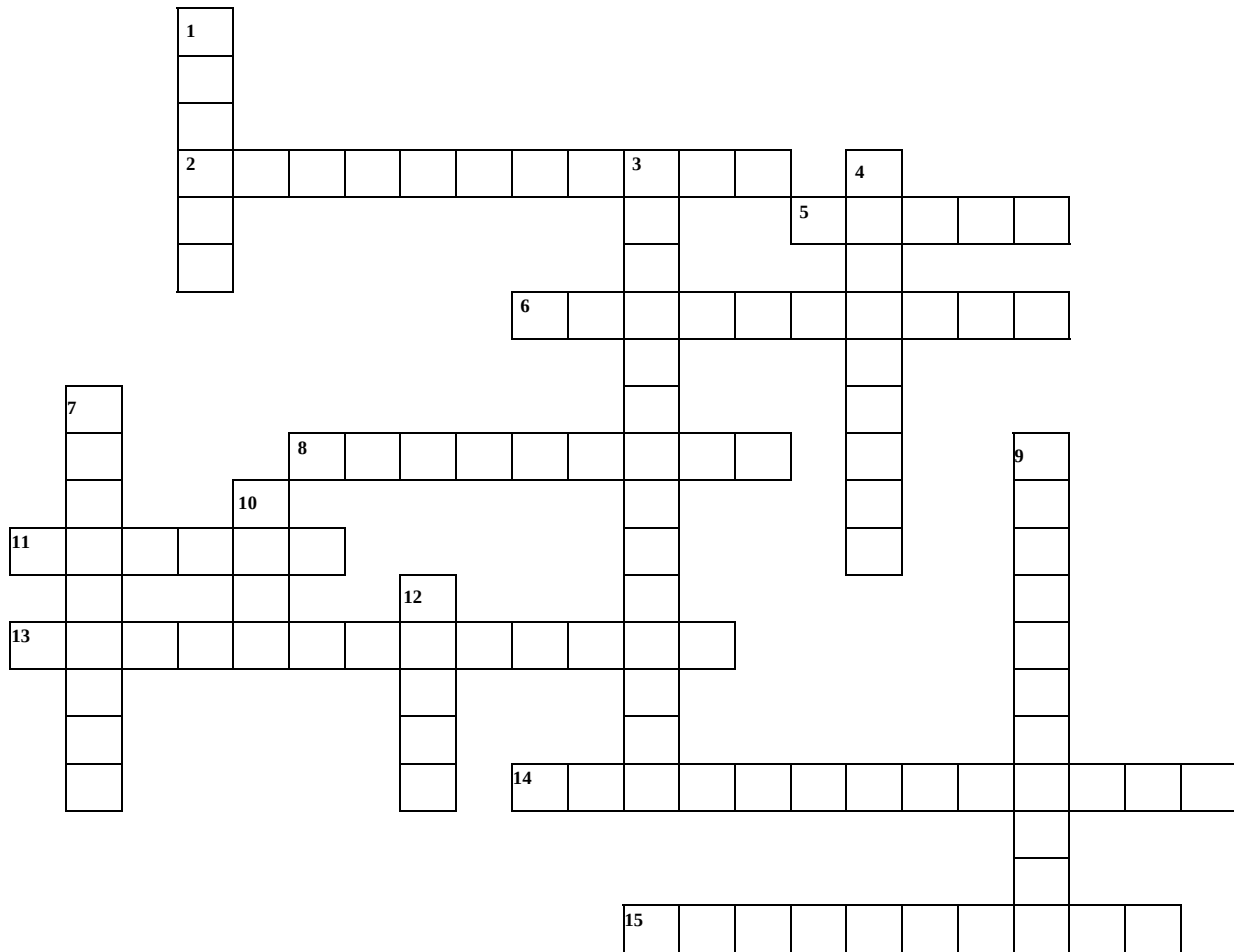
	Shares	Managed funds
Explanation	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>
Advantages	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>
Disadvantages	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>	<div>.....</div> <div>.....</div> <div>.....</div> <div>.....</div>



# Crossword

Student: ..... Class: ..... Due date: .....

Complete the crossword below.



## ACROSS

- 2 a legal process by which an item can be reclaimed to cover the cost of a debt (11)
- 5 a criminal offence where one person deliberately tricks another to gain personal advantage (5)
- 6 regular payments made to elderly people to support them in retirement (3,7)
- 8 company profits paid to shareholders, in cash or in additional shares, in proportion to the number of shares they already own (9)
- 11 an itemised estimate of income and expenses for given period (6)
- 13 an increase in the value of an asset (7,6)
- 14 the chance that a financial decision may result in a loss or inadequate return (9,4)
- 15 a legal process that declares that a person cannot pay their debts and allows them to make a fresh start (10)

## DOWN

- 1 units of ownership in a company that entitle the possessor of the shares (the shareholder) to a proportion of any profits that the company makes (6)
- 3 a retirement fund mandated by the government (14)
- 4 a person's wage or salary before it is taxed by the government (5,4)
- 7 an arrangement where an insurer promises to compensate the insured person for specific potential losses in the future in exchange for a periodic payment called a premium (9)
- 9 a market for trading shares in listed companies; also called a stock market (11)
- 10 a financial obligation to repay money owed (4)
- 12 a person acting for another in a business transaction (5)

# Reflection

Name: ..... Class: ..... Due date: .....

1. Which parts of this topic did you enjoy most? Why?

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2. Which parts of this topic did you enjoy least? Why?

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3. For each of these statements, tick the box that you think is correct for you.

Statements about my learning in this topic	Strongly agree	Agree	Disagree	Strongly disagree
I enjoyed learning through group discussions.				
I enjoyed learning through completing activities.				
I used my learning time effectively, finishing all set tasks.				
I cooperated and contributed in group tasks.				
Pictures and diagrams helped my learning throughout this topic.				

4. What ideas and information in this topic were a surprise to you?

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**5. What would you like to learn more about?**

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