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| Lesson 6Why do businesses list on ASX? |
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The primary reason a business lists on ASX is to access new funds to allow for growth. A company will then use these funds to purchase assets or hire labour to secure the future development of their products, processes, or expansion into new markets. For example, this may look like a mining company listing to access new funding to open and fund new mine sites with the hope of generating a new source of profit.

While the primary reason for listing on ASX is to enable growth, there are other benefits that allow them to achieve this outcome. Specifically, listing a company may provide:



Activity 1

**Define** and then **contrast** capital and liquidity. Why are they both critical to the success of a business?

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Activity 2

## Team Research Task & Presentation

Students to go to <https://www2.asx.com.au/listings/why-list-on-asx> and select one of the companies mentioned on the page who have recently listed on ASX (this may include one of the video interviews). Students, in teams of 3-4 people, to create a presentation (they may use software including PowerPoint, Prezi, Canva, or other platform acceptable to the teacher) that each team will present to the class. Students should extensively research the company, including visiting the company’s website. The presentation should cover the following elements:

* An **outline** of the company and what they do.
* **Account** for the reasons they listed on ASX.
* **Describe** their experience in listing.
* **Identify** how much they raised by floating on ASX and what they will use the funds for.
* Students will then select three interesting facts uncovered during their research.

The presentation should be no more than 5 minutes and be well researched.

## Terminology (skill directives)

Identify – Recognise and name; establish or indicate who or what someone or something is.

**Account** – Account for: state reasons for, report on. Give an account of: narrate a series of events or transactions.

**Contrast** – Show how things are different or opposite.

**Define** – State meaning and identify essential qualities.

**Describe** – Provide characteristics and features.

**Identify** – Recognise and name; Establish or indicate who or what someone or something is.

**Outline** – Sketch in general terms; indicate the main features of; plan, collect and interpret data/information and draw conclusions about.

## Glossary

**Capital –** A term that can be used to describe an asset with value or benefit to the owners. Capital is often referred to as money or cash. It is also the initial investment in a new venture.

**Liquidity –** A term that can be used to describe how easily an asset can be converted to cash. It is also the ability of a business to pay their bills as they fall due.