

# SYLLABUS

Cambridge O Level

Commerce

**7100**

For examination in June and November 2016

### Changes to syllabus for 2016

This syllabus has been updated, but there are no significant changes.

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# 1. Introduction

## 1.1 Why choose Cambridge?

### Recognition

Cambridge International Examinations is the world's largest provider of international education programmes and qualifications for learners aged 5 to 19. We are part of Cambridge Assessment, a department of the University of Cambridge, trusted for excellence in education. Our qualifications are recognised by the world's universities and employers.

Cambridge O Level is internationally recognised by schools, universities and employers as equivalent in demand to Cambridge IGCSE® (International General Certificate of Secondary Education). Learn more at [www.cie.org.uk/recognition](http://www.cie.org.uk/recognition)

### Excellence in education

Our mission is to deliver world-class international education through the provision of high-quality curricula, assessment and services.

More than 9000 schools are part of our Cambridge learning community. We support teachers in over 160 countries who offer their learners an international education based on our curricula and leading to our qualifications. Every year, thousands of learners use Cambridge qualifications to gain places at universities around the world.

Our syllabuses are reviewed and updated regularly so that they reflect the latest thinking of international experts and practitioners and take account of the different national contexts in which they are taught.

Cambridge programmes and qualifications are designed to support learners in becoming:

- **confident** in working with information and ideas – their own and those of others
- **responsible** for themselves, responsive to and respectful of others
- **reflective** as learners, developing their ability to learn
- **innovative** and equipped for new and future challenges
- **engaged** intellectually and socially, ready to make a difference.

### Support for teachers

A wide range of materials and resources is available to support teachers and learners in Cambridge schools. Resources suit a variety of teaching methods in different international contexts. Through subject discussion forums and training, teachers can access the expert advice they need for teaching our qualifications. More details can be found in Section 2 of this syllabus and at [www.cie.org.uk/teachers](http://www.cie.org.uk/teachers)

### Support for exams officers

Exams officers can trust in reliable, efficient administration of exams entries and excellent personal support from our customer services. Learn more at [www.cie.org.uk/examsOfficers](http://www.cie.org.uk/examsOfficers)

## Not-for-profit, part of the University of Cambridge

We are a not-for-profit organisation where the needs of the teachers and learners are at the core of what we do. We continually invest in educational research and respond to feedback from our customers in order to improve our qualifications, products and services.

Our systems for managing the provision of international qualifications and education programmes for learners aged 5 to 19 are certified as meeting the internationally recognised standard for quality management, ISO 9001:2008. Learn more at [www.cie.org.uk/ISO9001](http://www.cie.org.uk/ISO9001)

## 1.2 Why choose Cambridge O Level?

Cambridge O Levels have been designed for an international audience and are sensitive to the needs of different countries. These qualifications are designed for learners whose first language may not be English and this is acknowledged throughout the examination process. The Cambridge O Level syllabus also allows teaching to be placed in a localised context, making it relevant in varying regions.

Our aim is to balance knowledge, understanding and skills in our programmes and qualifications to enable candidates to become effective learners and to provide a solid foundation for their continuing educational journey.

Through our professional development courses and our support materials for Cambridge O Levels, we provide the tools to enable teachers to prepare learners to the best of their ability and work with us in the pursuit of excellence in education.

Cambridge O Levels are considered to be an excellent preparation for Cambridge International AS and A Levels, the Cambridge AICE (Advanced International Certificate of Education) Group Award, Cambridge Pre-U, and other education programmes, such as the US Advanced Placement program and the International Baccalaureate Diploma programme. Learn more about Cambridge O Levels at [www.cie.org.uk/cambridgesecondary2](http://www.cie.org.uk/cambridgesecondary2)

### Guided learning hours

Cambridge O Level syllabuses are designed on the assumption that learners have about 130 guided learning hours per subject over the duration of the course, but this is for guidance only. The number of hours required to gain the qualification may vary according to local curricular practice and the learners' prior experience of the subject.

### 1.3 Why choose Cambridge O Level Commerce?

Cambridge O Levels are established qualifications that keep pace with educational developments and trends. The Cambridge O Level curriculum places emphasis on broad and balanced study across a wide range of subject areas. The curriculum is structured so that candidates attain both practical skills and theoretical knowledge.

Cambridge O Level Commerce is recognised by universities and employers throughout the world as proof of knowledge and understanding.

Cambridge O Level Commerce candidates gain an introduction to the nature of commercial activities, how these activities are affected by changes in the commercial environment, and the impact they have on national and international consumers, producers, retailers and wholesalers. The syllabus looks at the purpose and function of major commercial activities, examining language, concepts and decision-making procedures, and the importance of communication and documentation. Candidates learn about the nature and importance of innovation and change, and develop complementary skills of enquiry, interpretation and communication.

#### Prior learning

Candidates beginning this course are not expected to have studied Commerce previously.

#### Progression

Cambridge O Level Certificates are general qualifications that enable candidates to progress either directly to employment, or to proceed to further qualifications.

### 1.4 How can I find out more?

#### If you are already a Cambridge school

You can make entries for this qualification through your usual channels. If you have any questions, please contact us at **info@cie.org.uk**

#### If you are not yet a Cambridge school

Learn about the benefits of becoming a Cambridge school at **www.cie.org.uk/startcambridge**. Email us at **info@cie.org.uk** to find out how your organisation can register to become a Cambridge school.

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## 2. Teacher support

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### 2.1 Support materials

Cambridge syllabuses, past question papers and examiner reports to cover the last examination series are on the *Syllabus and Support Materials* DVD, which we send to all Cambridge schools.

You can also go to our public website at [www.cie.org.uk/olevel](http://www.cie.org.uk/olevel) to download current and future syllabuses together with specimen papers or past question papers and examiner reports from one series.

For teachers at registered Cambridge schools a range of additional support materials for specific syllabuses is available online from Teacher Support, our secure online support for Cambridge teachers. Go to <http://teachers.cie.org.uk> (username and password required).

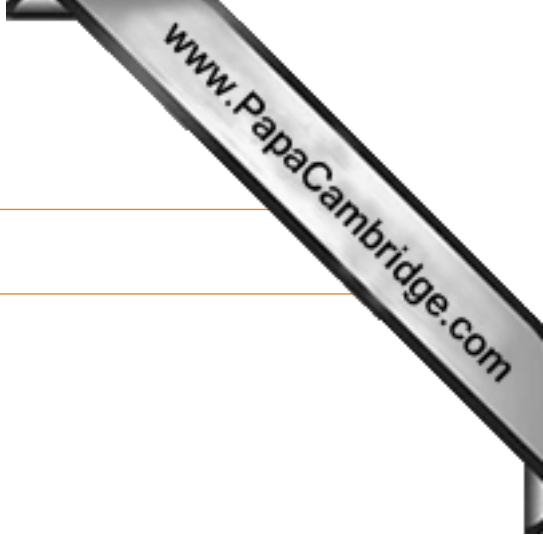
### 2.2 Resource lists

We work with publishers providing a range of resources for our syllabuses including textbooks, websites, CDs, etc. Any endorsed, recommended and suggested resources are listed on both our public website and on Teacher Support.

The resource lists can be filtered to show all resources or just those which are endorsed or recommended by Cambridge. Resources endorsed by Cambridge go through a detailed quality assurance process and are written to align closely with the Cambridge syllabus they support.

### 2.3 Training

We offer a range of support activities for teachers to ensure they have the relevant knowledge and skills to deliver our qualifications. See [www.cie.org.uk/events](http://www.cie.org.uk/events) for further information.



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### 3. Syllabus content at a glance

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All candidates study the following topics.

- 1 **Production**
- 2 **Retail trade**
- 3 **Consumer credit**
- 4 **Consumer protection**
- 5 **Wholesale trade**
- 6 **Documents of trade**
- 7 **International trade**
- 8 **Advertising**
- 9 **Communications**
- 10 **Transport**
- 11 **Warehousing**
- 12 **Insurance**
- 13 **Banking**
- 14 **The business unit**
- 15 **Finance**



## 4. Assessment at a glance

All candidates must take Paper 1 and Paper 2. Questions involving simple calculations may be set.

| Paper 1   | 1 hour |
|---|--------|
| The paper consists of 40 multiple-choice questions. |        |
| Weighting: 30% of total marks                       |        |

| Paper 2  | 2 hours |
|--|---------|
| Candidates answer <b>four</b> questions from a choice of eight.  |         |
| There will be stimulus response questions (containing numerical, textual and visual information) and structured questions. |         |
| Weighting: 70% of total marks  |         |

### Availability

This syllabus is examined in the June and November examination series.

This syllabus is available to private candidates.

Detailed timetables are available from [www.cie.org.uk/examsOfficers](http://www.cie.org.uk/examsOfficers)

Cambridge O Levels are available to Centres in Administrative Zones 3, 4 and 5. Centres in Administrative Zones 1, 2 or 6 wishing to enter candidates for Cambridge O Level examinations should contact Cambridge Customer Services.

### Combining this with other syllabuses

Candidates can combine this syllabus in an examination series with any other Cambridge syllabus, except:

- syllabuses with the same title at the same level
- 7101 Cambridge O Level Commercial Studies

Please note that Cambridge O Level, Cambridge IGCSE and Cambridge International Level 1/Level 2 Certificate syllabuses are at the same level.

## 5. Syllabus aims and assessment objectives

### 5.1 Syllabus aims

The syllabus will enable candidates to:

- 1 Develop knowledge and understanding of the purposes and functions of important commercial activities and commercial institutions.
- 2 Develop an appreciation of the environment within which commercial activities take place.
- 3 Develop knowledge and understanding of the language, concepts and decision-making procedures of commercial activities.
- 4 Develop knowledge and understanding of the importance of commercial communication and documentation and the impact of information technology.
- 5 Develop knowledge and understanding of the nature and significance of innovation and change on commercial activities.
- 6 Develop and apply the skills of selection, interpretation and evaluation.

### 5.2 Assessment objectives

At the end of the course, candidates should be able to demonstrate:

#### AO1 Knowledge and Understanding

- basic principles, techniques and ideas in commerce
- facts and terms relevant to commerce
- key features and functions of commercial activities
- main documents used in commerce.

#### AO2 Application

- application of commercial principles and ideas to given situations using appropriate terminology
- use of relevant data and information in written, numerical and diagrammatical form.

#### AO3 Analysis

- identification and selection of the significant issues in a commercial situation
- analysis of problems relating to a commercial situation.

#### AO4 Evaluation

- distinguishing between evidence and opinion
- making reasoned judgements and communicating them in an accurate and logical manner.

### 5.3 Relationship between assessment objectives and components

| Assessment Objectives          | Paper 1 marks | Skill Weighting | Paper 2 marks | Skill Weighting | Total Weighting |
|--------------------------------|---------------|-----------------|---------------|-----------------|-----------------|
| AO1: Knowledge & Understanding | 16 ± 2        | 12%             | 25 ± 2        | 22%             | <b>34%</b>      |
| AO2: Application               | 11 ± 2        | 8%              | 23 ± 2        | 20%             | <b>28%</b>      |
| AO3: Analysis                  | 8 ± 2         | 6%              | 18 ± 2        | 16%             | <b>22%</b>      |
| AO4: Evaluation                | 5 ± 2         | 4%              | 14 ± 2        | 12%             | <b>16%</b>      |
| Total Marks                    | 40            | 30%             | 80            | 70%             | <b>100%</b>     |

## 6. Syllabus content

The syllabus provides an outline of commercial activities and how these activities are influenced by changes in the commercial environment. Candidates will be expected to appreciate the implications of commercial activities on the consumer, producer, retailer and wholesaler in both home and international trade. Candidates will also be expected to recognise the impact developments of IT within commercial activities.

During their study, candidates should have the opportunity to visit centres of industry and commerce.

| <i>Topic</i>  | <i>Amplification</i>   |
|---|--|
| <b>1 PRODUCTION</b>   |  |
| 1.1 The chain of production   | Production of goods and services to satisfy human wants and needs.<br>Process of production from primary through secondary to tertiary production showing how value increases at each stage of production. |
| 1.2 Extractive, manufacturing and construction industries and tertiary activities | Meaning of these types of industries with examples.  |
| 1.3 Specialisation and division of labour   | Meaning and use of the terms specialisation and division of labour.<br>Forms of specialisation: by country, by region, by town, by firm, by factory, by individual.  |
| 1.4 Commerce  | Process of exchange of goods and services.   |
| 1.5 Trade   | Nature, purposes and importance of trade, both at home and overseas.   |
| 1.6 Aids to trade   | Banking and finance, communications, advertising, transport, warehousing, insurance.   |
| 1.7 The relationship between industry, commerce and direct services               | Ways in which industry, commerce and direct services are inter-related and interdependent.   |

| 2 RETAIL TRADE   |   |
|--|---|
| 2.1 Role of the retailer in the chain of distribution                          | Services of the retailer as the middleman between manufacturer and consumer, responses to changes in customer requirements and expectations.  |
| 2.2 Types of retailer  | Types: large and small (hypermarkets, supermarkets, multiples, specialty shops, unit/independent retailers); their characteristics; advantages and disadvantages.   |
| 2.3 Selling techniques, trends in retailing and the implications of e-commerce | E.g. branding, packaging, self-service, after-sales service, bar-coding, EPOS, shopping centres, loyalty cards, implications of e-commerce on retailing.  |
| 2.4 Home shopping  | Mail order, telesales, television shopping, online shopping (e-tailing). Characteristics and reasons for the use of each.   |
| 2.5 Large scale retailing  | Advantages and disadvantages of large scale retailing; effects on wholesalers, other retailers and consumers.<br>Reasons for the survival of the small scale retailer, e.g. personal service, opening hours, additional services. |

| 3 CONSUMER CREDIT   |   |
|---------------------|---|
| 3.1 Use of credit   | Concept of credit. Increased use of credit.<br>Advantages and disadvantages of credit to the buyer and the seller.                    |
| 3.2 Types of credit | (i) Hire Purchase: main features; advantages and disadvantages; finance of Hire Purchase; comparison with Extended Credit (see 15.1). |
|                     | (ii) Extended Credit (Deferred Payments): main features; advantages and disadvantages.  |
|                     | (iii) Store Cards: main features; advantages and disadvantages.   |
|                     | (iv) Credit Cards: main features; advantages and disadvantages (see 13.2).  |
|                     | (v) Informal Credit.<br>Suitability of methods of credit in certain circumstances with reasons for choice.                            |

**4 CONSUMER PROTECTION**

|  |   |
|--|---|
| 4.1 Safeguarding the consumer            | Reasons for consumer protection.  |
| 4.2 Methods of safeguarding the consumer | E.g. laws, organisations, codes of practice, other means. (A detailed knowledge of specific legislation is not required.) |

**5 WHOLESALE TRADE**

|   |   |
|---|---|
| 5.1 The role of the wholesaler in the chain of distribution | Different patterns of distribution. Trends in wholesaling: forces making for the elimination and the survival of the independent wholesaler. (See also 11 Warehousing.) |
| 5.2 Functions and services of the wholesaler                | Services provided for the manufacturer, retailer, consumer.   |
| 5.3 Intermediaries  | Role of merchants and agents (including brokers and factors). Forwarding agents (freight forwarders).   |

**6 DOCUMENTS OF TRADE**

|                             |   |
|-----------------------------|---|
| 6.1 Documents of home trade | Main documents used in home trade: enquiry, quotation, catalogue, price list, order, invoice, advice and delivery notes, credit notes, statement of account, receipt.<br>Key information and purposes of these documents. |
| 6.2 Terms of payment        | Cash and trade discounts, mark-up.  |

| 7 INTERNATIONAL TRADE                             |  |
|---|--|
| 7.1 The importance of international trade         | Benefits of international trade to a country. The interdependence of countries within a global market. Imports, exports, visible and invisible trade.  |
| 7.2 Balance of Trade and Balance of Payments      | Distinction between Balance of Trade and Balance of Payments.<br>Calculation and interpretation of statistics relating to international trade, i.e. Balance of Trade and Balance of Payments from given figures. |
| 7.3 Customs authorities                           | Main functions, e.g. collection of duties, collection of trade statistics.<br>Supervision of bonded warehouses (see 11.2).   |
| 7.4 Trading blocs                                 | E.g. ASEAN, European Union, SADC. Main features and aims of a trading bloc.<br>Advantages and disadvantages of joining a trading bloc.   |
| 7.5 Free trade and protectionism                  | Importance of freeports in international trade.<br>Restrictions on trade, e.g. tariffs, quotas, embargoes.   |
| 7.6 Difficulties faced by exporters and importers | E.g. distance, language, methods of payment.   |

| 8 ADVERTISING               |  |
|-----------------------------|--|
| 8.1 The role of advertising | Purposes, benefits, social aspects and dangers.<br>Types: informative, persuasive, collective (generic) and competitive. |
| 8.2 Media                   | Advertising media: advantages and disadvantages of main forms; factors affecting choice of medium.                       |
| 8.3 Methods of appeal       | Devices and methods of appeal, e.g. music, colour, famous people, emotions.  |
| 8.4 Sales promotion         | Distinction between advertising and sales promotion.<br>Methods of promotion, e.g. point of sale, offers, sponsorship.   |
| 8.5 Trends in advertising   | E.g. digital billboards, Internet.   |

**9 COMMUNICATIONS**

|  |  |
|--|--|
| 9.1 Importance of communications in the global economy | Rapid and accurate transmission of information in the global economy.  |
| 9.2 Methods of communications, internal and external   | Oral, written, telephonic, electronic (including fax, Internet, Intranet, e-mail, teleconferencing, videoconferencing).<br>Circumstances and factors affecting choice of method. |
| 9.3 Post Office, Telecoms                              | Services provided.   |

**10 TRANSPORT**

|                                     |   |
|-------------------------------------|---|
| 10.1 Transportation                 | Importance of transportation in the chain of distribution.<br>Characteristics of different methods: road, rail, air, sea, waterway, pipeline. Factors affecting choice of method. Modes of transport, e.g. passenger train, ferry, delivery van.<br>Benefits to a business of having own transport. |
| 10.2 Containerisation               | Main features; advantages. Reasons for increased use.   |
| 10.3 Other trends in transportation | Modern developments and trends in the handling of goods and passengers, e.g. charter transport, growth of air freight, express road routes, changes in use of rail transport.   |
| 10.4 Transport documents            | Delivery/consignment note; bill of lading, air waybill.<br>Key information and purposes of each.  |
| 10.5 Ports and airports             | Services offered at seaports and airports.  |

**11 WAREHOUSING**

|                          |   |
|--------------------------|---|
| 11.1 Role of warehousing | Warehousing functions; importance to trade.<br>Link with seasonal production, demand and price stability. |
|--------------------------|---|



|                         |   |
|-------------------------|---|
| 11.2 Types of warehouse | Bonded; cold storage; cash and carry; large scale retailers' regional distribution centres; manufacturers' and retailers'.<br>Main features of each type of warehouse.<br>Importance of each in either home or international trade. |
|-------------------------|---|

## 12 INSURANCE

|                                     |  |
|-------------------------------------|--|
| 12.1 Purposes of insurance          | E.g. compensation, financial protection, business confidence, investment. The importance of pooling of risk.   |
| 12.2 Business and personal risks    | Types of risks. Examples of insurable and non-insurable risks, including risks to international traders (see 7.6).   |
| 12.3 Insurance principles           | Essential elements: indemnity (including contribution and subrogation), insurable interest, utmost good faith.   |
| 12.4 Effecting insurance cover      | Outline of procedures, including premiums. Main documents: proposal form, cover note, policy. Key information and purposes of each. The role of an insurance broker. |
| 12.5 Statistical basis of insurance | The pooling of risk factors influencing the level of insurance premium.<br>Evaluation of insurance quotations.   |
| 12.6 Effecting a claim              | Outline of procedures, including claim form.   |

## 13 BANKING

|   |  |
|---|--|
| 13.1 Banking services   | Deposit/savings accounts and current/cheque accounts and services provided, e.g. paying-in slip, bank statement.   |
| 13.2 Means of payment for home and international trade activities | Cash; cheques; credit transfers; standing orders; direct debits; electronic transfers; documentary credits; bank drafts; debit cards; credit cards.<br>Characteristics, purposes and documents involved. |
| 13.3 Trends in banking  | E.g. ATMs, telebanking, Internet banking.  |

| 14 THE BUSINESS UNIT   |  |
|--|--|
| 14.1 Location of a business                                    | Factors to be considered, e.g. labour, raw materials, markets, transport.  |
| 14.2 Public and private sector                                 | Distinction between enterprises in the public and the private sector.  |
| 14.3 Main forms of business organisation in the private sector | Sole trader, partnership, limited company (private and public).<br>Appropriateness of different forms of ownership to commercial situations.<br>Characteristics relating to ownership, control, liability of owners (both limited and unlimited), provision of capital, distribution of profits. |
| 14.4 Franchises  | Franchises – main characteristics, advantages and disadvantages.   |
| 14.5 Multinationals  | Definition of a multinational. Importance of and reasons for multinationals in the global economy.<br>Opportunities offered to, and conflicting interests of, multinational companies locating in individual countries.  |

| 15 FINANCE              |  |
|-------------------------|--|
| 15.1 Sources of finance | The distinction between long-term and short-term finance.<br>Long-term finance, e.g. shares (ordinary and preference), debentures, mortgages, loans, sale and leaseback.<br>Short-term finance, e.g. overdraft, factoring, leasing, trade credit, hire purchase.<br>Main features of each; advantages and disadvantages.<br>Methods of self-financing, e.g. retained profits, savings.<br>Suitability of choice of finance in commercial situations with reasons for choice. |
| 15.2 Business finance   | Meaning, calculation and importance of capital (fixed and working), turnover, rate of turnover, profit (gross and net).<br>Methods of improving profit and turnover.   |

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## 7. Other information

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### Equality and inclusion

Cambridge International Examinations has taken great care in the preparation of this syllabus and assessment materials to avoid bias of any kind. To comply with the UK Equality Act (2010), Cambridge has designed this qualification with the aim of avoiding direct and indirect discrimination.

The standard assessment arrangements may present unnecessary barriers for candidates with disabilities or learning difficulties. Arrangements can be put in place for these candidates to enable them to access the assessments and receive recognition of their attainment. Access arrangements will not be agreed if they give candidates an unfair advantage over others or if they compromise the standards being assessed.

Candidates who are unable to access the assessment of any component may be eligible to receive an award based on the parts of the assessment they have taken.

Information on access arrangements is found in the *Cambridge Handbook* which can be downloaded from the website [www.cie.org.uk/examsofficer](http://www.cie.org.uk/examsofficer)

### Language

This syllabus and the associated assessment materials are available in English only.

### Grading and reporting

Cambridge O Level results are shown by one of the grades A\*, A, B, C, D or E, indicating the standard achieved, A\* being the highest and E the lowest. 'Ungraded' indicates that the candidate's performance fell short of the standard required for grade E. 'Ungraded' will be reported on the statement of results but not on the certificate. The letters Q (result pending), X (no results) and Y (to be issued) may also appear on the statement of results but not on the certificate.

### Entry codes

To maintain the security of our examinations, we produce question papers for different areas of the world, known as 'administrative zones'. Where the component entry code has two digits, the first digit is the component number given in the syllabus. The second digit is the location code, specific to an administrative zone. Information about entry codes can be found in the *Cambridge Guide to Making Entries*.

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