

**COMMERCE 7100  
GCE O Level  
FOR EXAMINATION IN 2008**

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Further details are available from Customer Services at University of Cambridge International Examinations.

**Exclusions**

This syllabus must not be offered in the same session with any of the following syllabuses:

0598 Commerce (Botswana)  
7101 Commercial Studies

You can find syllabuses and information about CIE teacher training events on the CIE Website ([www.cie.org.uk](http://www.cie.org.uk)).



# COMMERCE

## GCE Ordinary Level/School Certificate

### Subject 7100

## INTRODUCTION

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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 home and international trade. Candidates will be expected to recognise the development of IT on commercial activities.

## AIMS

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The syllabus will enable pupils 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.

## ASSESSMENT OBJECTIVES

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

- 1 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.

2 Application

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

3 Analysis

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

4 Evaluation

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

## FORM OF EXAMINATION

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Two papers will be set. Candidates must offer both papers.

Questions involving simple calculations may be set.

### Paper 1 (30%) 1 hour

This Paper will consist of 40 multiple choice items. A specification grid is given below.

### Paper 2 (70%) 2 hours

This Paper will consist of 8 questions. There will be stimulus response questions (containing numerical, textual and visual information) and structured questions.

Candidates will be required to answer **four** questions.

### Specification Grid

Assessment Objectives	Paper 1	Skill Weighting	Paper 2	Skill Weighting	Total Weighting
Knowledge & Understanding	16 ± 2	12%	25 ± 2	22%	34%
Application	11 ± 2	8%	23 ± 2	20%	28%
Analysis	8 ± 2	6%	18 ± 2	16%	22%
Evaluation	5 ± 2	4%	14 ± 2	12%	16%
Total	40	30%	80	70%	100%

# CONTENT

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(Note: for 2008 syllabus, the order of topics has changed but there is no change to the content of topics.)

<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.  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.  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.
<b>2 RETAIL TRADE</b>	
2.1 Role of 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 (e.g. hypermarkets and unit 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, shopping by phone, telesales, shopping by television, shopping on Internet. 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.  Reasons for the survival of the small scale retailer, e.g. personal service, opening hours, additional services.

**3 CUSTOMER CREDIT**

- 3.1 Use of credit Concept of credit. Increased use of credit.  
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).
- 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.

**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.

**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.  
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.  
Calculation and interpretation of statistics relating to international trade e.g. 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. 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. Advantages and disadvantages of joining a trading bloc.
7.5	Free trade and protectionism	Importance of freeports in international trade. Restrictions on trade e.g. tariffs, quotas, embargoes.
7.6	Difficulties faced by exporters	E.g. distance, language, methods of payment.
<b>8 ADVERTISING</b>		
8.1	The role of advertising	Purposes, benefits, social aspects and dangers. 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. Methods of promotion e.g. point of sale, offers, sponsorship.
8.5	Trends in advertising	E.g. digital billboards, Internet.
<b>9 COMMUNICATIONS</b>		
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). Circumstances and factors affecting choice of method.
9.3	Post Office, Telecoms	Services provided.
<b>10 TRANSPORT</b>		
10.1	Transportation	Importance of transportation in the chain of distribution. 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. 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. Key information and purposes of each.
10.5	International transport	Services offered at seaports and airports.

**11 WAREHOUSING**

- 11.1 Role of warehousing Warehousing functions; importance to trade. 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'.
- Main features of each type of warehouse.
- 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.
- Calculation of premium. 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. 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), franchises.



- Appropriateness of different forms of ownership to commercial situations.
- Characteristics relating to ownership, control, liability of owners (both limited and unlimited), provision of capital, distribution of profits.
- 14.4 Multinationals
- Definition of a multinational. Importance of and reasons for multinationals in the global economy.
- 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.
- Long-term finance e.g. shares (ordinary and preference), debentures, mortgages, loans, sale and leaseback.
- Short-term finance e.g. overdraft, factoring, leasing, trade credit, hire purchase.
- Main features of each; advantages and disadvantages.
- Methods of self-financing e.g. retained profits, savings.
- 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).
- Methods of improving profit and turnover.

It is desirable that candidates have the opportunity to visit centres of industry and commerce.

## RESOURCE LIST

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### Student Support

#### *Recommended textbooks*

A Anderton, GCSE Business Studies, 2004, Causeway Press, 1873929285

D Butler, GCSE Business Studies, 2001, OUP, 0198327978

M Gane, Commerce Examination Questions Answered (can be obtained from M Gane, 10 The Gower, Thorpe, Egham, Surrey, TW20 8UD, United Kingdom)

Hughes and Loveridge, Textbook of Commerce, 4<sup>th</sup> Edition, 1992, Butterworths Tolley, 0406501289

Kennerdell, Williams and Schofield, OCR GCSE Business Studies, 2001, Hodder and Stoughton, 0340790520

D Lobley, Success in Commerce, 1993, John Murray, 0719551579 (4<sup>th</sup> Edition), or 071955277X (International Student Edition)

D Wallace, Coursework in Business Studies and Commerce, 1987, Causeway Press, 0946183376 (out of print)

D Wallace, Business Studies and Commerce Coursework Pack, 1988, Causeway Press, 0946183465 (out of print)

### Teachers' Resources

#### *Recommended Textbooks*

Hughes and Loveridge, Textbook of Commerce, 4<sup>th</sup> Edition, 1992, Butterworths Tolley, 0406501289

D Lobley, Success in Commerce, 1993, John Murray, 0719551579 (4<sup>th</sup> Edition), or 071955277X (International Student Edition)

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Copies of syllabuses, past papers and Examiners' reports are available on CD-ROM and can be ordered using the Publications Catalogue, which is available at [www.cie.org.uk](http://www.cie.org.uk) under 'Qualifications & Diplomas' – 'Order Publications'.