

Syllabus

Cambridge O Level Commerce

Syllabus code 7100

For examination in June and November 2013



UNIVERSITY *of* CAMBRIDGE
International Examinations

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1. Introduction

1.1 Why choose Cambridge?

University of Cambridge International Examinations (CIE) is the world's largest provider of international qualifications. Around 1.5 million students from 150 countries enter Cambridge examinations every year. What makes educators around the world choose Cambridge?

Developed for an international audience

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

Recognition

Cambridge O Levels are internationally recognised by schools, universities and employers as equivalent to UK GCSE. They are excellent preparation for A/AS Level, the Advanced International Certificate of Education (AICE), US Advanced Placement Programme and the International Baccalaureate (IB) Diploma. CIE is accredited by the UK Government regulator, the Office of the Qualifications and Examinations Regulator (Ofqual). Learn more at [**www.cie.org.uk/recognition**](http://www.cie.org.uk/recognition).

Support

CIE provides a world-class support service for teachers and exams officers. We offer a wide range of teacher materials to Centres, plus teacher training (online and face-to-face) and student support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from CIE Customer Services. Learn more at [**www.cie.org.uk/teachers**](http://www.cie.org.uk/teachers).

Excellence in education

Cambridge qualifications develop successful students. They build not only understanding and knowledge required for progression, but also learning and thinking skills that help students become independent learners and equip them for life.

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

CIE is part of Cambridge Assessment, a not-for-profit organisation and part of the University of Cambridge. The needs of teachers and learners are at the core of what we do. CIE invests constantly in improving its qualifications and services. We draw upon education research in developing our qualifications.

1. Introduction

1.2 Why choose Cambridge O Level Commerce?

International O Levels are established qualifications that keep pace with educational developments and trends. The International 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.

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.

1.3 How can I find out more?

If you are already a Cambridge Centre

You can make entries for this qualification through your usual channels, e.g. your regional representative, the British Council or CIE Direct. If you have any queries, please contact us at **international@cie.org.uk**.

If you are not a Cambridge Centre

You can find out how your organisation can become a Cambridge Centre. Email either your local British Council representative or CIE at **international@cie.org.uk**. Learn more about the benefits of becoming a Cambridge Centre at **www.cie.org.uk**.

2. Assessment at a glance

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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 four 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 May/June examination session and the October/November examination session.

This syllabus is available to private candidates.

International 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 International O Level examinations should contact CIE Customer Services.

Combining this with other syllabuses

Candidates can combine this syllabus in an examination session with any other CIE syllabus, except:

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

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

3. Syllabus aims and objectives

3.1 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.

3.2 Assessment objectives

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 of 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.

3. Syllabus aims and objectives

Specification Grid

Assessment Objectives	Paper 1 marks	Skill Weighting	Paper 2 marks	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 Marks	40	30%	80	70%	100%

4. Curriculum 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>
1 PRODUCTION	
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.

4. Curriculum content

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. 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. 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. Suitability of methods of credit in certain circumstances with reasons for choice.

4. Curriculum content

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. 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 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. Supervision of bonded warehouses (see 11.2).

4. Curriculum content

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 and importers	E.g. distance, language, methods of payment.

8 ADVERTISING

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.

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). Circumstances and factors affecting choice of method.
9.3 Post Office, Telecoms	Services provided.

4. Curriculum content

10 TRANSPORT	
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 Ports and airports	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.

4. Curriculum content

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. 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). 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 Franchises	Franchises – main characteristics, advantages and disadvantages.
14.5 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.

4. Curriculum content

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

5. Resource list

Student support:

Author	Title	Date	Publisher	ISBN
L Fitzmaurice	<i>Textbook of Commerce</i> , 5 th edition	2008	Pearson	9780435982256
Kennerdell, Williams and Schofield	<i>Business Studies for OCR GCSE</i>	2001	Hodder Education	0340790520
R Dransfield and D Needham	<i>Business Studies for IGCSE</i>	2010	Nelson Thornes	9781408506479
M Trigwell-Jones	<i>O Level Commerce</i>	2009	Cambridge University Press	9780521727938

Teachers' resources:

Author	Title	Date	Publisher	ISBN
L Fitzmaurice	<i>Textbook of Commerce</i> , 5 th edition	2008	Pearson	9780435982256
D Lobley	<i>Success in Commerce</i>	1993	Hodder Education	0719551579
M Trigwell-Jones	<i>O Level Commerce</i>	2009	Cambridge University Press	9780521727938

Resources are also listed on CIE's public website at **www.cie.org.uk**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the CIE Teacher Support website at **<http://teachers.cie.org.uk>**. This website is available to teachers at registered CIE Centres.

6. Additional information

6.1 Guided learning hours

O Level syllabuses are designed on the assumption that candidates have about 130 guided learning hours per subject over the duration of the course. ('Guided learning hours' include direct teaching and any other supervised or directed study time. They do not include private study by the candidate.)

However, this figure is for guidance only, and the number of hours required may vary according to local curricular practice and the candidates' prior experience of the subject.

6.2 Recommended prior learning

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

6.3 Progression

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

6.4 Component codes

Because of local variations, in some cases component codes will be different in instructions about making entries for examinations and timetables from those printed in this syllabus, but the component names will be unchanged to make identification straightforward.

6.5 Grading and reporting

Ordinary Level (O Level) results are shown by one of the grades A*, A, B, C, D or E indicating the standard achieved, Grade A* being the highest and Grade 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.

6. Additional information

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
 - ... the minimum mark necessary for a Grade A* obtains a percentage uniform mark of 90%.
 - ... the minimum mark necessary for a Grade A obtains a percentage uniform mark of 80%.
 - ... the minimum mark necessary for a Grade B obtains a percentage uniform mark of 70%.
 - ... the minimum mark necessary for a Grade C obtains a percentage uniform mark of 60%.
 - ... the minimum mark necessary for a Grade D obtains a percentage uniform mark of 50%.
 - ... the minimum mark necessary for a Grade E obtains a percentage uniform mark of 40%.
 - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade C and the minimum for a Grade D (and whose grade is therefore D) receives a percentage uniform mark of 55%.

The uniform percentage mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one session to another and from one subject to another) and it has been turned into a percentage.

6.6 Resources

Copies of syllabuses, the most recent question papers and Principal Examiners' reports for teachers are available on the Syllabus and Support Materials CD-ROM, which is sent to all CIE Centres.

Resources are also listed on CIE's public website at **www.cie.org.uk**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the CIE Teacher Support website at **<http://teachers.cie.org.uk>**. This website is available to teachers at registered CIE Centres.

University of Cambridge International Examinations
1 Hills Road, Cambridge, CB1 2EU, United Kingdom
Tel: +44 (0)1223 553554 Fax: +44 (0)1223 553558
Email: international@cie.org.uk Website: www.cie.org.uk

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