

**COMMERCIAL STUDIES 7101  
GCE O Level  
FOR EXAMINATION IN 2008**

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**Exclusions**

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

7100 Commerce



# COMMERCIAL STUDIES

## GCE Ordinary Level/School Certificate

### Subject 7101

(Available in the **November** examination only) [May not be taken with subject 7100]

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'.

## INTRODUCTION

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The syllabus aims to provide an *outline* of the commercial activities and how these activities are influenced by changes in the environment.

## AIMS

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- 1 To develop knowledge and understanding of the purposes and functions of important commercial activities.
- 2 To develop knowledge and understanding of the main types of commercial institutions.
- 3 To develop knowledge and understanding of the language, concepts and decision making procedures of commercial activities.
- 4 To develop knowledge and understanding of the importance of commercial communication and documentation.
- 5 To develop knowledge and understanding of the nature and significance of innovation and change within the context of commercial activities.
- 6 To develop the skills of enquiry, interpretation and communication.
- 7 To develop keyboarding skills.

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

## ASSESSMENT OBJECTIVES

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

### *Knowledge*

- 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.

### *Comprehension*

- understanding of commercial activities and behaviour using appropriate terminology;
- understanding and interpretation of relevant data and information in verbal, numerical and diagrammatical form.

### *Application*

- knowledge and information to situations and problems related to commerce;
- demonstration of keyboarding skills (Paper 3 only).

### *Evaluation*

- identifying the significant issues in a commercial situation;
- distinguishing between evidence and opinion;
- making reasoned judgements and communicating them in an accurate and logical manner.

## **FORM OF EXAMINATION**

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Three papers will be set.

Paper 1 Elements of Commerce (2 hours)  
Paper 2 Arithmetic (2 hours)  
Paper 3 Text Processing (2 hours)

Candidates must offer Paper 1 and **either** Paper 2 **or** Paper 3.

## **SYLLABUS**

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### **Paper 1: ELEMENTS OF COMMERCE**

This paper contains two sections.

#### **Section A (60%)**

There will be **five** structured questions. Candidates will be required to answer **three**.

#### **Section B (40%)**

There will be **two** stimulus-response questions, both of which will be compulsory. Questions involving simple calculations may be set.

**The arrangement of the items of the syllabus does not mean that they should necessarily be taught in that order.**

### *INTRODUCTION*

Commerce is a process of exchange of goods and services to satisfy human wants. Trade and the aids to trade – finance and banking, communications and advertising, transport and warehousing, insurance.

### *THE BUSINESS UNIT*

- Main forms*: sole trader, partnership, limited company (in outline only): distinguishing features of each with particular reference to ownership, control, liability of owners (both limited and unlimited), provision of capital, distribution of profits. The concept of multinational companies.
- The main functions and responsibilities within a business. Organisation charts.

## TRADE

- a) *Levels of Trade*: Home and International trade – characteristics and purposes.
- b) *Types of Trade*:
  - i) *Retail Trade*:  
Function of retailer; types of retailer, large and small; main characteristics; trends in retailing (e.g. after-sales service, barcoding, branding, packaging, 'self-service', shopping centres) and their effects.
  - ii) *Wholesale Trade*:  
Wholesale merchant and agents (including brokers and factors): characteristics and functions; trade and cash discounts.
- c) *Main documents used in Home Trade*: quotation, catalogue, order, invoice, debit and credit notes, statement of account, receipt. Key information and functions of each.
- d) *International Trade*: the importance of international trade to the commercial life of a country; the pattern of a country's trade with the rest of the world.

## FINANCE AND BANKING

- a) *Means of payment*: cash (coin and notes), post office facilities; cheques including general and special crossings; credit transfers; credit cards.
- b) *Banking facilities*: services of banks in home and international trade: current and deposit accounts; bank overdrafts and loans.
- c) *Main documents used*: cheque, paying-in slip, bank statement, credit transfer forms, standing order, direct debit, letters of credit. Key information and functions of each.

## COMMUNICATIONS AND ADVERTISING

- a) *Method of communication*: oral and written; face-to-face, telephonic, electronic, internal, external; factors affecting choice of method.
- b) *Post Office, Telecoms or other organisations*: services provided; postal guides; telephone directories.
- c) *Equipment used in communications*: e.g. telephone, facsimile machine, computer etc; range and functions of each.
- d) *Main documents used*: letter, memo, minutes of meeting; agenda, report. Key information and functions of each.
- e) *Advertising*: purposes, types – informative and persuasive; media of advertising – advantages and disadvantages and factors affecting choice of medium.

## TRANSPORT AND WAREHOUSING

- a) *Transportation*: characteristics of different methods, and factors affecting choice of method.
- b) *Warehousing*: functions of warehousing, importance to trade, necessity for storage, including its importance in connection with seasonal production and demand.
- c) *Custom Authorities*: functions; excise and customs duties.
- d) *Main documents used*: delivery note, bill of lading, air waybill, packing note, goods received note. Key information and functions of each.

**INSURANCE**

- a) Business risks – types; insurable and non-insurable risks.
- b) Contracts of insurance – essential elements, pooling of risk, indemnity, insurable interest, utmost good faith; effecting an insurance policy – outline of procedures, including premiums; effecting a claim.
- c) *Main documents used:* proposal form, policy, cover note. Key information and functions of each.

**Paper 2: ARITHMETIC**

(N.B. The use of calculators is permitted.)

Candidates should be familiar with the British and metric systems of weights and measures and with the following monetary systems: pounds and pence; dollars and cents. The use of algebraic symbols and methods will be permitted.

Addition, subtraction, multiplication, and division applied to numerical calculations.

Vulgar and decimal fractions, weights and measures.

Proportion and proportional parts, including the distribution of costs and profits.

Percentage, profit and loss, simple interest, including relationship between percentages of cost and sale prices, gross and net profits, trade and cash discount, commission, depreciation. Equation of Payments.

Compound interest.

Stocks and shares; dividends and rate of yield (before and after deduction of income tax).

Foreign Exchange and Arbitrage transactions.

Calculations involving rates and taxes, insurance, freight rates, simple prime and supplementary costs.

Elementary statistics, calculation and practical application of the arithmetic mean, median, mode; the compilation and use of simple index-numbers.

The construction of simple statistical tables and graphs.

Candidates may be required to give results to a specified degree of approximation.

The use of logarithms will be allowed unless forbidden in certain questions.

**Paper 3: TEXT PROCESSING**

**This examination paper may be taken on a typewriter or a word processor.**

The aim of this examination is to assess a candidate's ability to produce a variety of business documents from printed, typewritten or handwritten drafts and to compose letters or memoranda from given notes.

Five tests will be given.

Test 1: An Accuracy Test at the rate of 30 words a minute for ten minutes.

Test 2: The production of a passage which may be in printed or manuscript form; the test may include the correction of errors as indicated and/or simple display and tabulation, either with or without ruling (40 minutes).

- Test 3: Composition of letter or memorandum from notes. Marks will be awarded for presentation and grammatically correct composition (35 minutes).
- Test 4: Production of a well displayed letter, memorandum, notice of meeting, agenda, minutes or meeting or report from corrected manuscript (20 minutes).
- Test 5: *Typewriting:* A simple form filling exercise (15 minutes).  
*Word Processing:* A simple display exercise which may include ruled or unruled tabulation (15 minutes).

The Accuracy Test will be collected at the end of ten minutes. The order of examination will be as given above.

The emphasis throughout will be on accuracy. Candidates should also be reminded of the need for consistency in style and layout within a single document. One clear line space is required before and after separate items within a document and between paragraphs.

### Specific Objectives

Candidates should be able to:

- create a document, save, retrieve it, make amendments and print it (word processor operators only)
- accurately create and effectively display a variety of business documents from typewritten, printed or handwritten drafts e.g. business letters, reports, memoranda, advertisements, menus, notices, agendas and minutes of meetings
- recognise and respond to instructions regarding layout and emphasis
- recognise and respond to printers' correction signs and standard abbreviations used in manuscripts
- plan and organise the work in order to complete within the time constraints of the examination

*Edit documents* (word processor operators only)

- recall saved data and insert, delete and move text

N.B. Merging of texts and the use of standard paragraphs will not be required.

*Select and amend layout* (word processor operators only)

- use the following facilities to create or amend documents: underscore, centring, tabulation, boldening, variety of font styles and margins of varying sizes
- candidates should be aware of and be able to use a variety of:
  - line spacing
  - heading styles: initial capitals, block capitals and spaced capitals
  - paragraph styles: block, indented, hanging
  - margin sizes: top, bottom, left and right including the use of ragged and justified side margins and right, left or centred alignment of tabulated work
  - headers and footers: where a document extends to two or more pages the second and subsequent pages should be numbered

*Composition*

- compose and suitably display a letter or memorandum from given notes paying particular attention to spelling, punctuation and grammatical accuracy

*Display and tabulation* (word processor operators only)

- use the facilities available to produce effectively displayed material using a variety of font styles and highlighting facilities, and centring the work vertically and horizontally
- produce simple columnar tables correctly aligned (Such tables may or may not incorporate columnar headings and ruling.)

*Proof-read and print* (word processor operators only)

- use spellcheck and Thesaurus facilities to ensure accuracy of work
- on screen edit to ensure accurate copy is printed

(No specific type of printer is required so long as a clear and clean copy is produced.)

*Notes on the conduct of the examination for Word Processors*

- 1 A computer with a word processing program must be available to each candidate for the duration of the examination.
- 2 Candidates must be seated at a distance which precludes dishonest practices, including copying work from a neighbouring screen.
- 3 Where the number of candidates exceeds the available equipment, the examination may be scheduled on more than one occasion, so long as all candidates take the examination on the prescribed date and necessary steps are taken to ensure security of papers.
- 4 The teacher is not to act as invigilator, but may be available to assist in the timing of the Accuracy Test and to assist should defects in a machine unexpectedly hamper a candidate's progress.
- 5 There is no limit to the number of times a task may be printed but only one copy of each task should be submitted for marking.
- 6 Printing may be carried out after the two hours allocated for the examination but must be executed by the candidate, who should ensure that his/her name, examination number and Centre number appears on each piece of work submitted.
- 7 All work will be required to be printed on A4 paper. Continuous stationery may be used. Where headed paper is required (letter headed paper or memorandum forms), candidates may either use the paper supplied or produce replicas of the headings.
- 8 In case of equipment/power failure, extra time may be allowed to complete the examination but a full report must be attached to the candidate's work.

*Notes on the conduct of the examination for Typewriters*

- 1 Where the number of candidates exceeds the available equipment, the examination may be scheduled on more than one occasion so long as all candidates take the examination on the prescribed date and necessary steps are taken to ensure security of papers.
- 2 The teacher is not to act as invigilator, but may be available to assist in the timing of the Accuracy Test and to assist should defects in a machine unexpectedly hamper a candidate's progress.
- 3 Ruling materials should be available (but work must not be ruled in pencil).

### **Accuracy Faults (Word Processing and Typewriting)**

An Accuracy Fault applies to any word which is not 100% accurate compared with the given text. A maximum of one Accuracy Fault is applied per word.

A word is defined as:

- (a) any normally recognisable word (hyphenated words count as one);
- (b) any series of characters which form a unit e.g. numbers, line of dots, postcode;
- (c) including following punctuation.

Accuracy faults are:

- 1 keying/spelling/punctuation faults
- 2 words with spaces within the word
- 3 no clear space between words
- 4 incorrect capitalisation
- 5 words in the wrong place
- 6 words omitted
- 7 words added
- 8 failure to indicate a paragraph as in draft
- 9 no line space between paragraphs (1 fault throughout)

**Acceptable Formats and Typing/Keyboarding conventions**

**Abbreviations**

dr	dear	bn	been
w	with	wl	will
sh	shall	shd	should
cat	catalogue	fig(s)	figure(s)
co(s)	company(ies)	org	organisation
yr(s)	your(s), year(s)	ffy	faithfully

Days of the week, months of the year and parts of the address e.g. "Rd" – should normally be presented in full.

**Correction Signs**

Marginal Note (if necessary)	Notation in body of work	Meaning
N P		New paragraph
run on		Do not start a new paragraph
		Insert extra letter(s) or word(s) or apply correction sign
trs		Transpose letters or words
stet or	.....	Retain deleted word(s)
del or	Line through word(s)	Strike out
l c	-	Change to lower case
u c	-	Change to capital letter
caps	_____	Use all capital letters
sp caps	_____	Use spaced capitals

**Alignment on printed forms**

Information should be vertically aligned, where appropriate, or inserted an equal distance from any printed information.

**Figures**

Candidates are reminded of the need for consistency of style throughout a single document.

**Times**

20.00 hours or 2000 hours	acceptable
2000hours	not acceptable
3 p.m.	acceptable
3 pm	acceptable
3pm	acceptable

**Other figures**

25% or 25 per cent	both acceptable
5 cm or 5cm	both acceptable
3 mm x 10 mm	acceptable
3mm x 10mm	acceptable
3mmx10mm	acceptable

In continuous matter, figures or words should be used consistently unless otherwise instructed.

**Dates**

On letters and memoranda the date should be in full (day/month/year or month/day/year).

**Enclosures**

Any method of indicating enclosures is acceptable.

**Headings**

A minimum of one clear space is required after main headings, sub-headings and shoulder headings.

**Margins**

In the absence of specific instructions, top, bottom and side margins must be a minimum of 13 mm. There is no insistence on margins being of equal width.

**Punctuation**

Maximum of 3 spaces acceptable after	full stop (period) question mark exclamation mark
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Minimum 1 space, maximum 2 spaces acceptable after	colon semi-colon comma
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Dash - acceptable as a hyphen preceded and followed by a space.

**Tabulation**

Columns should be aligned to the right or left or centred.

There is no prerequisite for spaces between columns, nor for such spacing to be of equal width.

Figures which are totalled should be aligned to the right.

**Underlining**

The underlining should not extend beyond the space occupied by the letters or information underlined.

**Document Layout**

Candidates are reminded of the need for a consistent approach.

In the absence of specific instructions, any conventional method of displaying commercial documents and communications will be accepted. If in doubt, candidates should follow the layout indicated in the draft.

**Business Letters**

The most common form is fully blocked with open punctuation.

**Memoranda**

Headings <i>should</i> include:	To From Date
and may require:	Ref Subject

# 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, 0198328354

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)

For the teaching of all-finger keyboarding it is suggested that schools try using the typing trainer supplied with word processing packages. Letter and other documents layout can be gleaned from existing typing textbooks or from special handbooks/textbooks provided by software companies.

One text book which is often suggested for Word Processing or Office Applications courses is:

CG Skinner and EM Prentice, IT Skills for Business, Hodder and Stoughton, 0340538392

## 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)