COMMERCE

AIMS AND OBJECTIVES
The aims of the syllabus are to provide a basic knowledge of commercial environment and activities and to develop the candidates’ understanding of such activities with particular reference to the Hong Kong situation. In the examination, credit will be given for the application of this knowledge.

THE EXAMINATION
The examination will consist of two papers:
Paper 1 (1½ hours): This paper carries 60% of the marks. There will be 4 structured questions, of which candidates will be required to answer 3. Bonus marks will be awarded for effective communication, up to a maximum of 2 marks for each question.
Paper 2 (1 hour): This paper carries 40% of the marks. It will consist of multiple-choice questions, all of which are to be attempted.

THE SYLLABUS

<table>
<thead>
<tr>
<th>Syllabus Content</th>
<th>Explanatory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction to Commerce</td>
<td></td>
</tr>
<tr>
<td>(a) Meaning of commerce</td>
<td></td>
</tr>
<tr>
<td>(b) The scope of commerce</td>
<td></td>
</tr>
<tr>
<td>(c) Classification of occupations</td>
<td></td>
</tr>
<tr>
<td>(d) Localisation of production</td>
<td></td>
</tr>
<tr>
<td>2. Trade</td>
<td></td>
</tr>
<tr>
<td>(a) Channels of distribution</td>
<td></td>
</tr>
<tr>
<td>— Trade and aids to trade</td>
<td></td>
</tr>
<tr>
<td>— Jobs in primary, secondary and tertiary productions</td>
<td></td>
</tr>
<tr>
<td>— Advantages and disadvantages</td>
<td></td>
</tr>
<tr>
<td>— Different forms</td>
<td></td>
</tr>
<tr>
<td>— Means and reasons for elimination of middlemen</td>
<td></td>
</tr>
<tr>
<td>Syllabus Content</td>
<td>Explanatory Notes</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Domestic trade</td>
<td></td>
</tr>
<tr>
<td>(i) Retail trade</td>
<td></td>
</tr>
<tr>
<td>(ii) Wholesale trade</td>
<td></td>
</tr>
</tbody>
</table>

| External trade |                   |
| (i) Importance of external trade |       |
| (ii) Trade restrictions |             |
| (iii) Government departments and other organisations promoting external trade |       |

| 3. Purchase and Sale of Goods |                   |
| Documents |                          |

(a)
Syllabus Content

(b) Terms and conditions of sales

Hire purchase

(c) Consumer protection

(d) Forms of Business Enterprises

(a) Sole proprietorship

Public and private limited companies

Partnership corporation

Co-operative societies

(b) Reasons for the emergence of different kinds of business units

5. Capital

(a) Forms of capital

(b) Methods of obtaining capital and dealing with profits and losses

Explanatory Notes

— Advantages and disadvantages of hire purchase to buyers and sellers

— Legal aspects in a hire purchase transaction

— Rights and responsibilities of a consumer

— Need for consumer protection

— Functions and powers of the Consumer Council

— Government legislation

— Characteristics, formation procedures, advantages and disadvantages

— Characteristics, advantages and disadvantages

— Capital gearing
(c) The importance of rate of turnover

6. **Finance and Banking**
   (a) Methods of payment
   (b) Services of banks and finance companies to the business world and private persons

7. **Transport**
   (a) Its importance to production and distribution
   (b) Methods of transport: land, sea and air
       — Containerisation
       — Choice of the means of transport
   (c) Necessity for modern dock and harbour facilities, and efficient port authorities

8. **Communications**
   (a) The importance of rapid and accurate transmission of commercial information
   (b) Local facilities and services
       — Various means of communication
       — Choice of the means of communication

9. **Insurance**
   Nature and purpose
Fundamental principles

(c) Its importance to modern business

(b) Kinds of insurance

10. Stock Exchanges
   Functions

   (b) Classification of securities dealt in on the stock exchange

   (a)

   (c) Methods of dealing

   (d) Stock exchange indices

   (e) Factors affecting share prices

11. Advertising
   (a) Role and functions of advertising in commerce

   (b) Characteristics, advantages and disadvantages of various advertising media

   (c) Choice of advertising media