

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

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

*Syllabus Content**Explanatory Notes*

(b) Domestic trade		
(i) Retail trade	—	Functions of retailers
	—	Types of retail business: their characteristics, advantages and disadvantages
	—	Factors to be considered in setting up retail outlets
	—	Modern trends in retailing
(ii) Wholesale trade	—	Functions of wholesalers
	—	Kinds of wholesalers and their characteristics
	—	The nature and importance of warehouses
	—	Wholesale produce markets and exchanges: their functions and methods of dealing
(c) External trade		
(i) Importance of external trade	—	Visible and invisible trade
	—	Balance of payments
(ii) Trade restrictions	—	Reasons for and against protectionism
	—	Types of trade restrictions
(iii) Government departments and other organisations promoting external trade	—	Functions
3. Purchase and Sale of Goods		
(a) Documents	—	The functions of the main types of documents used in trade

*Syllabus Content**Explanatory Notes*

(b) Terms and conditions of sales

(c) Hire purchase

(d) Consumer protection

— 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

4. Forms of Business Enterprises

(a) Sole proprietorship
Partnership
Public and private limited companies
Public corporation
Co-operative societies

Characteristics, formation procedures, advantages and disadvantages

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

5. Capital

(a) Forms of capital

— Characteristics, advantages and disadvantages

— Capital gearing

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

*Syllabus Content**Explanatory Notes*

(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

(a) Nature and purpose

*Syllabus Content**Explanatory Notes*

- (b) Fundamental principles
- (c) Its importance to modern business
- (d) Kinds of insurance

10. Stock Exchanges

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