

**COMMERCE**

**SEC 08**

**SYLLABUS**

**Commerce SEC 08  
Syllabus**

(Not available in September)  
Paper I (2hrs) + Paper II (2hrs)

**Aims**

Candidates following the Commerce course at this level should:

- (a) acquire knowledge and develop an understanding of the nature and purpose of commercial activities with special reference to Maltese commercial practice.
- (b) become aware of the nature and significance of innovation and change within the context of commercial activities
- (c) acquire an interest in the commercial world, thus empowering students to better respond in their lives as consumers and/or producers.

**Assessment Objectives**

The examination will test the candidates' ability to:

- (a) understand the purposes and functions of commercial activities;
- (b) apply knowledge to particular commercial situations, including simple calculations
- (c) recall facts, principles and show an understanding of commercial terminology
- (d) analyse data and situations, make reasoned arguments and draw conclusions;

**Scheme of Assessment**

The examination will consist of two written papers each of two hours' duration. Each paper carries 50% of the total marks. Questions will be set in English and must be answered in English.

*Paper I* is the core paper to be taken by all candidates. It will consist of five or six compulsory questions covering various areas of the syllabus.

There will be two versions of Paper II: Paper IIA or Paper IIB.

*Paper IIA* will consist of seven questions of which candidates will be expected to answer four. The questions will generally require extended answers of the essay type. Each question will carry 25 marks  
OR

*Paper IIB* will be divided into two sections. Section A will contain several compulsory short-answer questions and a series of questions based on stimulus response passages. In Section B, candidates will be required to answer one structured essay question from a choice of three.

Questions in all papers will be set in the context of Maltese Commercial Practice. Candidates may illustrate their answers by reference to contemporary issues and may also draw on examples from other countries where a question does not specifically refer to Malta.

Candidates are required to indicate on the registration form which Paper II they wish to sit for. No change in choice will be allowed after the registration period.

**Results**

Candidates sitting for Paper I and Paper IIA may qualify for Grades 1, 2, 3, 4 or 5. The results of candidates who do not obtain at least Grade 5 shall remain unclassified (U).

Candidates sitting for Paper I and Paper IIB may qualify for Grades 4, 5, 6 or 7. The results of candidates who do not obtain at least a Grade 7 shall remain Unclassified (U).

## Syllabus

### 1. *Production and Commercial Activity*

- (a) The scope of production; factors of production; different stages and types of production; trends in relative importance of the different stages of production; chain of production and value added at each stage; principal commercial functions;
- (b) Interdependence of commerce, industry and direct services.
- (c) Advantages and disadvantages of specialisation and division of labour

### 2. *Business units; their organisation, financing and assessment of performance*

- (a) The different forms and main characteristics of business units in both the private and public sectors. Sole traders, partnerships, private and public companies, co-operative societies, public corporations and NGO's.
- (b) Formation, ownership and control of each type of business unit.
- (c) Factors one would consider in setting up and running a business e.g. location, marketing, personnel.
- (d) Short term and long term sources of finance.
- (e) Assessment of business performance:  
Basic interpretation of the Trading and Profit and Loss Account, and Balance Sheet of a sole trader **only**. Simple calculation of gross and net profit of a sole trader **only**. (Carriage, Returns and Drawings of goods are excluded.)  
Using basic ratios to assess business performance in relation to capital, liquidity and profitability, namely:  
Gross profit as a percentage of sales  
Net profit as a percentage of sales  
Net profit as a percentage of owner's capital  
Current ratio  
Acid test ratio  
Rate of stock turnover.

### 3. *Trade*

- (a) Markets  
Functions and types of local and international markets.  
The role of middlemen, producers' co-operatives, marketing boards.  
A basic understanding and importance of E-commerce.
- (b) Retail Trade  
Functions and services of the retailer.  
Types of retail shop and other methods of retailing; advantages/disadvantages of small and large - scale retailers. The changing pattern of Retail Trade.  
Sources and types of credit facilities available to consumers.
- (c) Wholesale Trade  
Types and functions of the wholesaler. Services provided by the wholesaler to the retailer and manufacturer.  
Current trends in wholesaling.  
Reasons for the omission of the wholesaler in the chain of distribution.
- (d) International Trade  
The basis of and importance of international trade.  
The impact of trading blocks, EU, EFTA, NAFTA.  
Barriers to international trade; reasons for and methods of protection.  
The Balance of Payments: visible and invisible trade, the importance of the balance of payments on current account; measures adopted to finance and correct Balance of Payments imbalances.  
Foreign exchange rates; effects of changes in the value of international currencies on trade flows.  
Functions and services provided by specialists in international trade: merchants, agents, brokers, factors, import/export houses.

Assistance and information available to importers/exporters; the role of Malta Enterprise, Chamber of Commerce and Enterprise

The role of customs authorities: Malta Maritime Authority, Bonded Warehouses. Importance of trans-shipment; the Malta Freeport.

- (e) The main trading documents used in local and international trade; preparing such documents; the terms used in importing, e.g. f.o.b., c.i.f.

#### **4. Aids to Trade**

(a) Methods of Payment

Barter and limitations of barter trade

The nature and functions of money

Post Office methods of payment

The services offered by Commercial banks and other financial institutions operating in Malta.

Current trends.

(b) Financial Institutions

Main functions of the Central Bank of Malta.

The Banks' Clearing system

Local commercial banks and other foreign banks operating from Malta

Malta as a financial centre; Role of MFSA

The role, functions and workings of the Malta Stock Exchange

(c) Transport

The importance of transportation in the chain of distribution.

The different forms of transport available to commerce and the factors governing choice of method.

The Baltic Exchange

Modern trends in the distribution of goods locally and overseas.

(d) Communication

The importance of and main methods of communication; postal / tele - communications, electronic and digital communication. E-Mail, computer networks and future developments in the communications field.

The impact and benefits of technological change on the range of communication methods

(e) Insurance

The purpose and nature of insurance; principles of insurance; insurable and non-insurable risks.

The main types of insurance; Life, Marine, Fire and Accident.

Procedure and documentation for obtaining and renewing insurance cover. Lloyds of London.

(f) Advertising

The purpose of advertising, different forms of advertising, persuasive, informative, competitive, collective, defensive.

The main forms of advertising media and the use of the internet as a marketing tool

The different methods employed; the role of advertising agencies.

Trade names/ trademarks, branding, packaging and display.

Other aspects of market research, sales promotion, the use of the internet.

#### **5. The individual as a consumer**

(a) Consumer Protection:

- Meaning and need
- Legal protection to consumers
- The role of NGOs in promoting consumer awareness

(b) The main purposes of:

- The Trade Description Act
- The Door to Door Salesman Act
- The Consumer Affairs Act

- (c) An awareness of the functions of:
- The Consumer Claims Tribunal
  - The Office of Fair Competition
  - The Commission of Fair Trading
  - The Malta Standards Authority

**6. *The Role of Government in Commerce***

The facilities provided by the state to encourage trade both locally and overseas.

Activities to help business people in their business affairs.

A basic awareness of fiscal and monetary policy as tools of managing and controlling the economy

**7. *The European Union***

- (a) Member states
- (b) The main advantages and disadvantages of being a member, with particular reference to Malta
- (c) The common European currency and its implications
- (d) Current trends in relation to commerce.

**Grade Descriptions**

The scheme of assessment is intended to encourage positive achievements by all students. Mastery of the syllabus is required for further academic study. Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by students awarded the following grades. The grade awarded will depend in practice upon the extent to which the student has met the assessment objectives overall and it might conceal weakness in one aspect of the examination which is balanced by above average performance in some other aspect.

**Grade 1**

Criteria for the standard of achievement likely to have been shown by students awarded Grade 1

- a. Knowledge with understanding, including an excellent ability to identify facts and principles in relation to the content of the syllabus together with a thorough ability to define the concepts and ideas of the syllabus.
- b. Analysis, including an excellent ability to apply information in a logical and well-structured manner to illustrate the application to a particular situation of a piece of commercial analysis.
- c. Recall a wide range of commercial facts and principles and use of appropriate terminology in the subject content from all areas of the syllabus.
- d. An excellent ability to form conclusions based on relevant information and to demonstrate such conclusions clearly and logically using appropriate media.

**Grade 5**

Criteria for the standard of achievement likely to have been shown by students awarded Grade 5

- a. Knowledge with understanding, including some ability to identify facts and principles in relation to the content of the syllabus together with an ability to define the concepts and ideas of the syllabus.
- b. Analysis, including a good ability to apply information in a logical and well-structured manner to illustrate the application to a particular situation of a piece of commercial analysis.
- c. Recall a good range of commercial facts and principles and use of appropriate terminology in the subject content from all areas of the syllabus.
- d. Ability to form conclusions based on relevant information and to demonstrate such conclusions clearly and logically using appropriate media.

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### Grade 7

Criteria for the standard of achievement likely to have been shown by students awarded Grade 7

- a. Knowledge with understanding, showing some familiarity with the syllabus contents.
- b. Some ability to classify basic information in a simple way.
- c. Recall a basic range of commercial facts and principles and use of appropriate terminology in the subject content from most areas of the syllabus.
- d. Ability to form simple conclusions based on information and present such conclusions with a limited degree of coherence and in a straightforward level.

### List of References and other resources

The following textbooks will be of use to students who are studying Commerce. The list is not intended to be exclusive. Furthermore, a large number of textbooks of Business Studies and Economics cover some aspects of Commerce.

| <b>Author</b>                | <b>Title (ISBN)</b>                 | <b>Publisher</b>      |
|------------------------------|-------------------------------------|-----------------------|
| Barrett, R. and Gow, M.      | Commerce Skills (0859501299)        | Nelson Thornes        |
| Hughes, H. and Loveridge, J. | Textbook of Commerce (0406501289)   | Butterworth Heinemann |
| Jones, W.                    | Revise Commerce (0850977770)        | Letts                 |
| Lobley, D.                   | Success in Commerce (0719551579)    | John Murray           |
| Whitcomb, A                  | Comprehensive Commerce (0174381778) | Nelson Thornes        |
| Whitehead, G.                | Commerce (075060817X)               | Butterworth Heinemann |

### Other Resources

Other sources of information for teachers and students include:

- Articles from newspapers;
- Leaflets/brochures/publications/packs from banks, insurance companies, etc.;
- Documentation from commercial institutions;
- Advertising material from newspapers, magazines, television, videos, etc;
- Information published by government and other public bodies, e.g. NSO, Office of Fair Trading;
- Commercial information from private sector bodies;
- Visits to local commercial operations, e.g. banks, factories.
- Talks by commercial representatives, e.g. managers, etc.
- Internet.

### Past examiners' reports

Each year, teachers should consult the examiners' report which discusses the main weaknesses encountered, examiners' approach and demands, etc.