

## Higher National Unit Specification

### General information for centres

**Unit title:** Rural Business Diversification

**Unit code:** F2EF 35

**Unit purpose:** This Unit will enable candidates to understand the requirements for rural business diversification and to evaluate the appropriateness of an alternative enterprise for a given business situation with an appraisal of its feasibility. The Unit is aimed at candidates who are studying for a Group Award in an area related to agriculture, food or the rural economy.

On completion of the Unit the candidate should be able to:

- 1 Evaluate the factors which influence rural business diversification.
- 2 Research an alternative enterprise for a business in a given situation.
- 3 Evaluate the feasibility of introducing the selected alternative enterprise.

**Credit points and level:** 1 HN credit at SCQF level 8: (8 SCQF credit points at SCQF level 8\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

**Recommended prior knowledge and skills:** Access to this Unit is at the discretion of the centre. It would be beneficial if candidates had completed studies relating to finance at SCQF level 7 such as F137 34 *Using Financial Accounting Statements*.

**Core Skills:** There are opportunities to develop the Core Skills of Written Communication, Using Information Technology and Using Number at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

**Context for delivery:** If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

**Assessment:** This Unit may be assessed by two assessment events. Outcome 1 may consist of a closed-book assessment using restricted response questions. Outcome 2 and 3 may be assessed using a case study based on a rural business.

## **Higher National Unit specification: statement of standards**

**Unit title:** Rural Business Diversification

**Unit code:** F2EF 35

The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### **Outcome 1**

Evaluate the factors which influence rural business diversification

#### **Knowledge and/or Skills**

- ◆ Economic problems
- ◆ Social problems
- ◆ Business diversification
- ◆ Business development organisations

#### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ evaluate at least two economic and at least two social problems faced by rural areas
- ◆ evaluate the role of business diversification in terms of the potential impact of investment in the rural economy (minimum of two factors)
- ◆ identify at least three appropriate business development organisations, and evaluating the advice and/or financial support available for diversifying business

#### **Assessment Guidelines**

This Outcome may be assessed by means of a closed-book, restricted response, timed assessment.

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Rural Business Diversification

### **Outcome 2**

Research an alternative enterprise for a business in a given situation

#### **Knowledge and/or Skills**

- ◆ Resources
- ◆ Business objectives
- ◆ SWOT analysis
- ◆ Alternative enterprise

#### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ review the physical, capital and human resources of the business in the context of diversification opportunities which match business objectives
- ◆ conduct a SWOT analysis to identify strengths, weaknesses and threats in relation to the business
- ◆ research specific opportunities for diversification and select one appropriate alternative enterprise for the business based on the research undertaken

#### **Assessment Guidelines**

See Outcome 3.

### **Outcome 3**

Evaluate the feasibility of introducing the selected alternative enterprise

#### **Knowledge and/or Skills**

- ◆ Resource requirement
- ◆ Capital expenditure
- ◆ Market research
- ◆ Financial plan
- ◆ Physical feasibility
- ◆ Relevant legislation to include planning regulations and requirements

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Rural Business Diversification

### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ identify relevant planning regulations and requirements
- ◆ determine the resources required and the environmental problems that might arise from the establishment and running of a new enterprise
- ◆ determine the capital expenditure required for the new enterprise and sources of funding available
- ◆ complete desk-based market research to establish the likely market for a product or service
- ◆ complete cash flow and profit and loss forecasts for three years
- ◆ evaluate the financial and physical feasibility of the new enterprise

### **Assessment Guidelines**

This Outcome may be assessed by means of an open-book holistic assessment covering Outcomes 2 and 3. The assessment could take the form of case study based on a rural business (maximum 2,000 words or equivalent plus financial information and appendices). Appropriate templates may be used to compile the financial forecasts.

## Administrative Information

**Unit code:** F2EF 35

**Unit title:** Rural Business Diversification

**Superclass category:** AE

**Original date of publication:** August 2008

**Version:** 01

### History of changes:

Version	Description of change	Date

**Source:** SQA

© Scottish Qualifications Authority 2008

This publication may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged.

SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of Higher National qualifications.

Additional copies of this Unit specification can be purchased from the Scottish Qualifications Authority. Please contact the Customer Contact Centre for further details, telephone 0845 279 1000.

## **Higher National Unit specification: support notes**

### **Unit title: Rural Business Diversification**

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### **Guidance on the content and context for this Unit**

This Unit is designed to provide the skills required to assess the requirements for rural business diversification and to evaluate the appropriateness of an alternative enterprise for a given business situation with an appraisal of its feasibility.

By the end of this Unit candidates should be capable of completing a feasibility report on the introduction of an alternative enterprise. This will involve candidates drawing on both technical and financial knowledge and skills and it is therefore recommended that this Unit be completed towards the end of the qualification being studied.

Problems facing rural areas should include aspects of rural social exclusion and a declining agricultural sector. Aspects expected to be covered would include: lack of affordable housing; declining farm incomes; declining farm employment; lack of employment opportunities; lack of leisure facilities, etc. The way in which diversification, by providing investment into the rural economy, can alleviate some of these problems should include factors such as: stimulating employment; maintaining the rural community and rural incomes; providing facilities for rural communities; and attract visitors to the area who may spend money elsewhere. The range of organisations who can provide advice and/or financial support for diversification include; the Enterprise Network; Small Business Gateway; Scottish Agricultural College; local authorities; national government departments, etc.

Before an alternative enterprise can be selected for a business a resource audit and a SWOT analysis are required. The feasibility of the alternative enterprise then needs to be evaluated. The candidate must research the alternative enterprise chosen and understand the physical (or production) processes involved in providing the chosen product or service. This will enable the candidate to understand the specific resources required by the new enterprise and any environmental problems that might arise from the establishment and running of the new venture. Candidates will also have to be aware of any constraints placed upon them by planning regulations and requirements and other relevant legislation. This process will also help identify items which will require capital expenditure (new purchases or renovations). The market research phase is essential, as all new alternative enterprises must demonstrate to investors that there is a market for the product or service. This will entail examining the competition in the business' locality and beyond and should give indicative figures for expected level of demand (throughput/sales) and price levels that could be charged. The cash flow and profit and loss account will determine the feasibility of the project in its initial phases and should be completed for the first three years of operation. This will allow any problems to be highlighted and some minor analysis will allow expected returns to capital employed to be calculated.

## **Higher National Unit specification: support notes (cont)**

**Unit title:** Rural Business Diversification

### **Guidance on the delivery and assessment of this Unit**

Delivery of this Unit could be based on a series of lectures and practical sessions supported by information from a candidate's own reading and on-line research. The Unit should be taught with reference to the subject area(s) of the Group Award(s) of the candidates concerned. Delivery should place emphasis on practical application of the theory through worked examples and practical exercises, including, where appropriate the use of computer software and online resources.

#### ***Opportunities for developing Core Skills***

There may be opportunities for the candidate to develop Using Information Technology at SCQF level 6 in this Unit. When candidates are involved in their own independent research practical work they will have an opportunity to develop the general skill 'Using an IT system independently to process a range of information'. Candidates may have to complete a number of internet searches to find information and keep their data secure and manage its storage.

In addition the assessment of Outcome 3 may contribute towards the component Using Number of the Core Skill *Numeracy* at SCQF level 6. Candidates may carry out sustained complex calculations to predict the financial situation for a rural enterprise. The general skills that candidates may complete is 'apply in combination a wide range of numerical, statistical and other mathematical skills to process complex information in generalised contexts'.

There are opportunities for the candidate to develop Written Communication at SCQF level 6 in the assessment of all Outcomes. If candidates complete written work for each Outcome they will have an opportunity to develop the general skill 'produce well structured written communication on complex topics'.

#### **Open learning**

This Unit is suited to delivery by distance learning. The evidence for Outcomes 2 and 3 could be held in a portfolio (or electronic portfolio) and sent to the assessor.

#### **Candidates with disabilities and/or additional support needs**

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering alternative Outcomes for Units. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* ([www.sqa.org.uk](http://www.sqa.org.uk)).

## **General information for candidates**

### **Unit title: Rural Business Diversification**

In this Unit you will firstly consider the particular issues facing rural areas and rural businesses themselves and then consider the possible impact of a rural business diversifying.

By the end of the Unit you will be able to complete a feasibility report for the introduction of a new enterprise on a rural business. You will use both technical and financial knowledge gained during your studies to evaluate an alternative enterprise for a named business.

The range of organisations that can provide advice and/or financial support for diversification will be covered and you will complete your own market research in relation to the alternative enterprise you choose. You will need to understand the production processes involved and what resources the new enterprise will need, such as labour and capital. You will produce a report including cash flow and profit and loss account forecasts for the first three years of operation so that you can look at the level of financial return expected from the new enterprise.

In order to complete the Unit successfully, you will be required to achieve a satisfactory level of performance in the assessment associated with each Outcome. Outcome 1 may consist of a closed-book assessment using restricted response questions. Outcome 2 and 3 may be assessed using a case study based on a rural business.