

**LEMU SEDOYO INTEGRATED SHEEP FARM**

**FINAL ASSIGNMENT OF BUSINESS REPORT**



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**LEMU SEDOYO INTEGRATED SHEEP FARM**

**FINAL ASSIGNMENT OF BUSINESS REPORT**

Presented as Partial Fulfilment of the Requirements  
to Obtain the Bachelor Degree in Economics Department  
Departement of Economics International Program  
Faculty of Business and Economics  
Universitas Islam Indonesia

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**2023**

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Herein I declare the originality of Final Assignment of Business Report I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgment. All quotations are cited and listed in the bibliography of the Business Startup Final Assignment Departement of Economics Faculty of Business and Economics Universitas Islam Indonesia. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

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## **ABSTRACT**

Head of the livestock and animal health sector of Bantul Regency, Joko Waluyo said that in one day, it takes 750 sheep to fulfill the needs of the culinary sector so that the stock of sheep in Bantul district is running low. Seeing the existing phenomenon, the author made it a good business potential, so in early 2020 Lemu Sedoyo Integrated Farming was established as a sheep farm which focuses on fattening sheep by buying lambs and then quarantined to be fattened in approximately 3 months and then resold. As a business entity in the field of sheep farming, Lemu Sedoyo Integrated Farm raises sheep and reaps the benefits from the buying and selling the sheep produced by these breeders and explores other potential profits from the livestock. In the first semester the author runs this business in two ways, the first is by fattening in the author's personal pen by paying an employee to take good care of the sheep and the second is distributing 5 residents each 2 sheep to be cared for and bred with the profit sharing system. At the end of the period in the first semester, there is no significant growth from the sheep treated so that it has an impact on losses in the first sale. Even so, seeing that the business development is still far from the author's expectations, an evaluation really needs to be done by the author before expanding this business.

## **ABSTRAK**

Kepala Dinas Peternakan dan Kesehatan Hewan Kabupaten Bantul, Joko Waluyo mengatakan, dalam sehari dibutuhkan 750 ekor domba untuk memenuhi kebutuhan sektor kuliner sehingga stok domba di Kabupaten Bantul semakin menipis. Melihat fenomena yang ada, penulis menjadikannya sebagai potensi bisnis yang bagus, maka pada awal tahun 2020 didirikan Peternakan Terpadu Lemu Sedoyo sebagai peternakan domba yang fokus pada penggemukan domba dengan cara membeli bibit domba kemudian dikarantina untuk digemukkan kurang lebih selama 3 bulan kemudian dijual kembali. Sebagai badan usaha di bidang peternakan domba, Peternakan Terpadu Lemu Sedoyo beternak domba dan meraup keuntungan dari jual beli domba yang dihasilkan oleh para peternak tersebut serta menggali potensi keuntungan lain dari peternakan tersebut. Pada semester pertama penulis menjalankan usaha ini dengan dua cara, yang pertama dengan cara menggemukkan di kandang pribadi penulis dengan membayar seorang karyawan untuk merawat domba dengan baik dan yang kedua dengan membagikan 5 warga masing-masing 2 ekor domba untuk dirawat dan ditenakkan dengan sistem bagi hasil. Pada akhir periode semester pertama, tidak terjadi pertumbuhan yang signifikan dari domba yang dirawat sehingga berdampak pada kerugian pada penjualan pertama. Meski begitu, melihat perkembangan usaha ini masih jauh dari harapan penulis, maka sangat perlu dilakukan evaluasi oleh penulis sebelum mengembangkan usaha ini.

## CHAPTER I

### INTRODUCTION

#### 1.1 Background

As the developing country, Indonesia is one of the densely populated country which food security becomes one of the important instrument that must be kept. One of the meats commodity instruments that becomes food security because it is needed in Indonesia. Lamb is one of the instrument of food security in meat sector that is high demand in Yogyakarta, according to the data from Central Bureau of Statistic (BPS, 2021) the demand of lamb in 2021 increased 130,19 tons from 2893,22 to 3031,41 tons that influenced restaurants needs since Yogyakarta has traditional lamb based foodfoods like Sate Klathak, Tongsen, and Rica-rica in Bantul, Sleman, and surrounding districts.

Pertana (2021, June 17) mention that the head of the livestock and animal health sector of Bantul Regency, Joko Waluyo said that in one day, it takes 750 sheep to fulfill the needs of the culinary sector so that the stock of sheep in Bantul district is running low. Therefore, there are so many restaurants buy some sheep from other districts in Yogyakarta even have to bring in from other provinces. It is recorded that there are 171 restaurants that use lamb as basic components, one of them is Sate Klathak Pak Pong which requires 25 lambs under 1 year old every day and buys them from Temanggung, Central Java because the stock in Yogyakarta is not sufficient. Therefore, it is hoped that more sheep breeders in Yogyakarta will be able to produce sheep with superior quality to meet internal needs.

Seeing the large demand for sheep in Yogyakarta, it can be concluded that the demand for sheep in the region is very large, while the production capacity in the city is still insufficient, so sheep must be bought from areas around Yogyakarta and Central Java to meet the needs in the region. Seeing

the existing phenomenon, the author made it a good business potential, so in early 2020 Lemu Sedoyo Integrated Farming was established as a sheep farm which focuses on fattening sheep by buying lambs and then quarantined to be fattened in approximately 3 months and then resold.

As time went on, Lemu Sedoyo Integrated Farming encountered many obstacles and suffered considerable losses so that it changed the livestock system from fattening to breeding and expanded the scope of livestock farming by involving residents to take part in raising sheep by give them some initial capital and the profits from the sale would be shared with the agreement between the owner of the capital and residents as executors of livestock. It has a big impact on residents so that integrated farming is formed.

Building integrated farming is one of the businesses that can contribute to solve these problems considering that Yogyakarta has resources that strongly support the formation of integrated farming. It is necessary to know that the departement of agriculture and food (2021, December 24) was explain that integrated farming is a system of agriculture and animal husbandry that are intertwined and support agricultural production, animal husbandry, and economic improvement of the actors. Not only profit-oriented but also the preservation of natural resources by reducing production waste to a minimum and improving the welfare of all human resources in it.

In its implementation, Lemu Sedoyo integrated farming certainly cannot be separated from the obstacles. By the existence of integrated farming, new problems arise and need to be considered and evaluated for the sustainability of this business. This report is written to identify problems that occurred and discover the potential in breeding sheep during the establishment of this sheep farming business so that this report is written in order to make it an evaluation material for the author and produce solutions and author's policy



decisions in the future business period to anticipate recurrence of problems that have occurred before.

## **1.2 Problem Formulation**

The problem that forms the background of this business are:

- 1.2.1 What is mean by integrated farming on Lemu Sedoyo farm?
- 1.2.2 What are the obstacles experienced in the sheep farming business?
- 1.2.3 How to analyze asset growth on the Lemu Sedoyo Farm?

## **1.3 Program Purpose**

First, this program aims to build an integrated farming system on Lemu Sedoyo farms which generates potential comparative advantages that differentiate between the output produced by Lemu Sedoyo Integrated Farms and other farms. The integrated livestock farm referred to by the author is to build a sheep farming business ecosystem into livestock by utilizing natural resources owned by breeders and minimizing waste. so with this, the output produced is more useful so that in the end Lemu Sedoyo becomes a farm that does not produce a lot of waste. The Lemu Sedoyo integrated farm tries to at least not pollute the surrounding environment by destroying nature and causing unpleasant air pollution which in the end the livestock will be healthy and the agriculture will be fertile.

The second aim is to identify the problems that occur during this sheep farming business where there are still many things that must be studied considering that this business is running with the author's limited knowledge of sheep farming so that the author finds more problems during running this business than examining through research which has existed. According to the author, many successful breeders only show the successful side of their

business rather than share the bitter stories of breeders in solving problems that exist in livestock. It can be seen from the more success stories of breeders in both print and digital media rather than sharing the problems they face and providing solutions so that other breeders do not experience the same thing.

The problems that occur in sheep farming arise from various aspects such as managing the sheepfold, giving type of feed, handling of diseases, handling of lambs and pregnant sheep, sheeps selling, and building partnerships with external sectors that support the continuity of this sheep farming business. In fact, almost problems related to poor management of pen, such as the wrong arrangement of the base of the pen will have an impact on the health of both pregnant sheep and lambs that have the potential to get sick or have an accident such as a pinched leg which, if not identified, it can cause in bone fracture and paralysis. Therefore, one of the objectives of this program is to identify existing problems and find the best solution.

The third purpose is to identify asset growth. The author realizes that asset growth and improvement in the financial sector is very important in a business. The author realizes that in the sheep farming business that the writer runs, author pays little attention to the flow of money and asset growth, at the first glance this business is profitable but because finance are mixed with the author's personal finance, it is necessary to do an evaluation so that all transactions can be measured properly.

On the other hand, this program is carried out to determine the growth of assets owned by the author each year. Considering that sheep is a productive asset of which price will be more expensive than the previous period. Sheep are not only a means of producing lambs but also assets of which value increases according to their age, body weight, productivity levels and increasingly market prices.

#### **1.4 Expected Output**

The first expected output is that efforts to implement integrated farming are successful and have a positive impact on every aspect of livestock. Breeders get more profit because they not only obtained from sales, but also the sheep become more productive and can create superior seeds because their nutritional intake is sufficient, and the grass planted becomes fertile because it grows with organic fertilixer made of manure and sheep waste. This is the comparative advantage of sheep farming with an integrated farming system.

The second expected output is that by running this program, the authors can identify problems in their farm and find solutions to existing problems from all aspects of the farm, starting from more organized cage management, optimal and efficient feed banks. With cleaner and more organized pens, livestock health is better maintained and they protected from various diseases such as scabies, maggots, intestinal worms, foot and mouth disease. On the other hand, an optimal feed bank can meet the daily needs of sheep and abundant feed stocks, both planted feed and feed stored in airtight drums. Hopefully, the livestock not lack feed stocks both in the summer and the rainy season.

The last one, it is expected that the livestock administration becomes more organized, so that the author can find out the development of the assets and profit and loss balance of the breeders owned by the author and make decisions about their livestock in the future such as expanding production, marketing strategies, and knowing the productivity and progressivity of existing sheep and other assets. It should be realized that monetization in livestock businesses have difficulties where assets are living things at which at any time the price may change according to prices on the market.

#### **1.5 Program Benefit**

By writing this report, the author hopes that this report can provide benefits directly or indirectly for several sectors:

1.5.1 College Benefit

Student creativity and innovation in taking advantage of opportunities in sheep farming will improve the quality of college and add to the alumni portfolio as an inspiring entrepreneur.

1.5.2 Student Benefit

Raising the competitiveness and entrepreneurship through the development of ideas and creativity. It also improving their soft skills such as cooperation and sense of responsibility.

1.5.3 Social Benefit

The existence of Lemu Sedoyo integrated sheep farm will support fulfilling the demands of sheep for consumption and breeding. In the other hand, it becomes an easy access for villagers who want to learn and start become partner of this farm because they will get farm basic educations and sheeps as the initial capital.

**CHAPTER II**  
**LITERATURE REVIEW**

**2.1 SWOT Analysis**

In the literature review, the author use a SWOT analysis in his report to make it easy to classify strengths, weaknesses, opportunities and threats.

Table 2. 1 SWOT Analysis

<p><b>Strengths:</b></p> <ol style="list-style-type: none"> <li>1. Cross breed of Texel sheeps from Netherlands and local sheeps from Garut, West Java.</li> <li>2. High productivity.</li> <li>3. Cracas weight up to 55%</li> <li>4. Good body endurance.</li> <li>5. Keeping the sheepfold clean.</li> </ol>	<p><b>Weaknesses:</b></p> <ol style="list-style-type: none"> <li>1. Limited capital.</li> <li>2. Limited fresh feed bank.</li> <li>3. High operating costs.</li> <li>4. Long production time, 5-6 months of pregnancy and 3-4 months of lactation and then they can be sold.</li> </ol>
<p><b>Opportunities:</b></p> <ol style="list-style-type: none"> <li>1. High demand for lamb.</li> <li>2. Sheep prices tend to be more expensive.</li> <li>3. The grass grown for the feed bank can be sold</li> <li>4. Sheep manure can be sold because it is compost.</li> </ol>	<p><b>Threats:</b></p> <ol style="list-style-type: none"> <li>1. High rate of death.</li> <li>2. Threat of disease throughout the season.</li> </ol>

1. Strengths

The first comparative advantage of Lemu Sedoyo integrated farming is that the sheep produced are superior sheep namely Texel type sheep (Bidari, 2021). These sheep are from the Netherlands which are bred

exclusively in Wonosobo, Central Java which can reach a weight of 80-100 kilograms at an adult age. This sheep has the advantage of net lamb weight up to 55% of the total body weight. The sheep were bred with ewes from Garut, West Java, which are known for their endurance and excellent productivity (Rismayanti, 2010, page. 7). In 1 year a productive Garut sheep can give birth 2 times and a superior sheep will produce 2 to 5 offspring.



Figure 2. 1 Texel Sheep

Secondly, Lemu Sedoyo integrated farming uses a stage-type cage which is 100 centimeters from the ground which certainly has many advantages. The stage-type sheep cage certainly plays an important role in preventing various diseases caused by sheep droppings such as intestinal worms, scabies, flies, and even lung disease caused by a dirty and damp cage. Furthermore, the cage is always dry, clean, and has good air circulation and the sheep are clean and healthy of course (Riyanto, 2004, page 2).

## 2. Weaknesses

Large-scale sheep farming requires substantial capital because it has to prepare a feed bank in the form of a large area planted with various grasses, a feed warehouse for long-term feed stocks such as fermented feed, and cages with large dimensions and good air and light circulation. Cages with stilt systems also cost a lot of money but this is needed to maintain cleanliness and anticipate disease in sheep. Large-scale sheep farming also requires a pick-up truck to transport sheep and grass, a grass mower and an airtight feed storage area such as a drum which is certainly not cheap even if you buy used goods.

Then, sheep that focused on breeding certainly have a long production time rather than fattening. Sheep have a gestation period of about 150 days or 5 months which is certainly not a short time coupled with an intensive lactation period of 3 to 4 months which is very prone to death (Inounu, no year). Therefore, attention and handling of pregnant sheep so that the lambs can grow healthily is very important because in the event of death, there is not only material loss, but also loss of time, feed and energy expended.

### 3. Opportunities

As explained by Joko Waluyo (BPS, 2021), the demand for lamb meat is very high and increases every year which is not in line with the stock of sheep in the city that causes the price of sheep to rise as does the basic economic theory of demand and supply of goods. It has an impact on the selling price of sheep which is getting higher according to the existing market price. Therefore, farmers inevitably sell at high prices and provide distinct advantages for sheep farmers who use green feed such as Lemu Sedoyo integrated farming because production costs tend to be stable but the selling price increases so that the profits get more and more.

Sheep has almost no waste because almost all aspects have economic value. sheep feed in the form of grass can be sold both seeds and plants for other livestock feed such as horses and cows, sheep skins can be resold for the produce leather-based accessories such as those in Garut and Bantul. Umarayasa (2018) said that “the waste produced from raising sheep is manure that is good for plants and does not pollute the growing media”. If it can be applied in an integrated farm, it will require a lot of resources so that it can become a job and help the welfare of the villagers.



Figure 2. 2 Ready to Sell Compost

#### 4. Threats

The threat is of course always present in all businesses, as in the case with livestock in general based on the website of Pertanianku (2020) the sheep breeders have a fairly high death threat, especially at the end of pregnancy and lactation. Sheep that are heavily pregnant have wombs that are prone to miscarriage if squeezed or kicked by other sheep, so at that time the sheep must be separated in a larger cage in order to give birth



properly. Mistakes in handling pregnant sheep also affect the condition of the sheep's pregnancy.

For example, sheep that eat a fail fermented feed will result in a miscarriage in the womb because the feed will produce hot gas like gastric acid that occurs in humans. Insufficient nutrition will also have an impact on the inhibition of milk production so that they cannot breastfeed their children. Likewise, erratic weather changes pose a threat to livestock if they are not given adequate nutrition, it is easy for diseases to attack such as bloating, lack of minerals, and calcium. it can be prevented by giving deworming medicine, vitamin B complex, and mineral blocks that can be made or bought.

## CHAPTER III

### BUSINESS PROJECT IMPLEMENTATION METHODOLOGY

#### 3.1 Business Overview

As for the sheep farming business, it has 2 aspects that are produced, namely grass planting and sheep breeding. The main output for sale is sheep, both lambs and adult lambs.

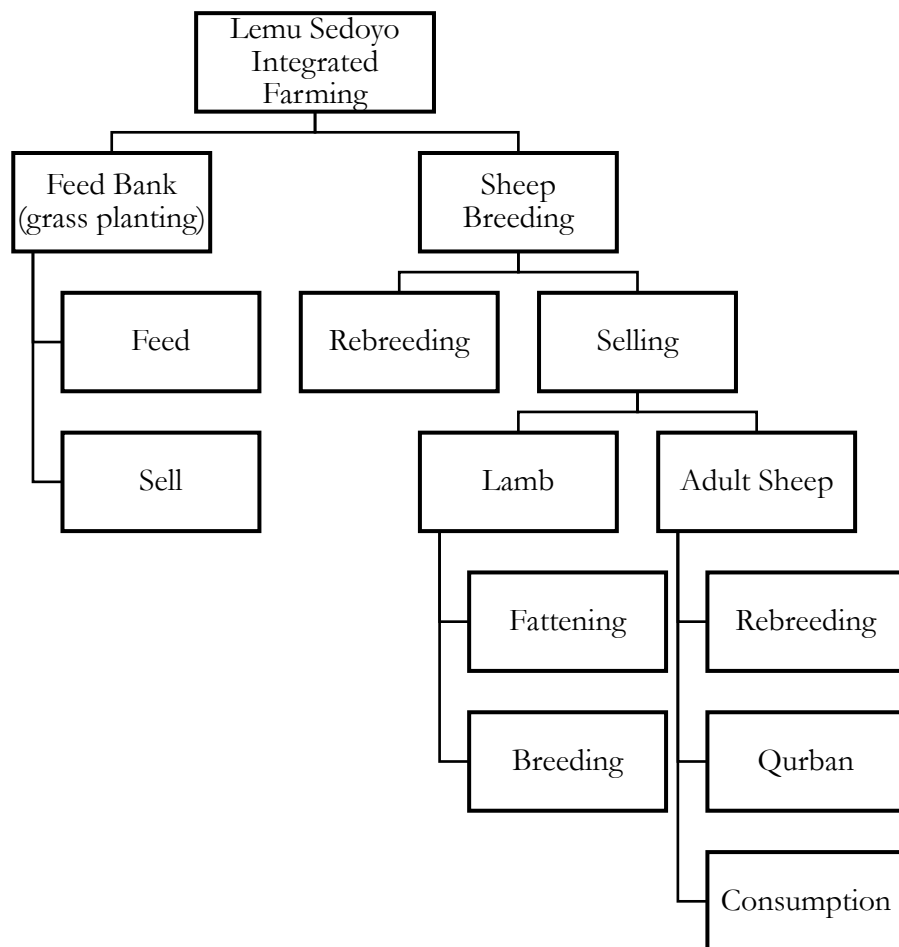


Chart 3. 1 Business Overview

Lemu Sedoyo Integrated Livestock is a business that focuses on breeding, fattening, and providing grass for new comers who are interested in starting a livestock business. This business started in early 2020 when COVID-

19 started to spread in Indonesia and all activities had to be done from home. Seeing so many business potentials that can be started in the village, easy water sources, large agricultural land, fertile land, and relatively cheap land rents are one of the author's considerations in starting a sheep farming business. On the other hand, the village of Temon Wetan, where the author lives is an area that is quite far from the crowds and not too hot, so the land in this village is very suitable for farming and livestock.

This business has the main focus of producing superior quality sheep obtained from crossing Texel sheep from the Netherlands which have been domestically bred with arrowroot sheep so as to produce superior sheep as described in the previous chapter. The lamb will be sold to farmers who are oriented towards fattening sheep which will eventually be sold to restaurants as a side dish for lamb.

Consumers also come from individuals who deliberately want to buy sheep for their own production, considering that the sheep produced by Lemu Sedoyo are liked by small farmers in the village because of their good posture and fat body according to the tastes of buyers. On the other hand, raising Texel sheep which are bred at Lemu Sedoyo Integrated Farming has its own advantages when compared to other local sheep. Based on research conducted by the author, by providing the same amount of feed, Texel sheep are superior in growth and weight compared to ordinary sheep.

The sheep that are not sold to livestock will be kept in the Lemu Sedoyo pen and sold as adults for qurban and will be raised again by the buyer. Some consumers come directly to choose sheep and make direct transactions. The consumer's reason coming directly to Lemu Sedoyo Integrated Farming is to choose and transact at Lemu Sedoyo's pen is because they have many

choices according to the wishes and needs of buyers. Conversely, if consumers buy directly, they will get a cheaper price than buying at a reseller.

However, there are also many resellers who come to Lemu Sedoyo to buy sheep based on requests from consumers around their area. In one calving period, there are around 10-15 lambs which will give birth to 1-3 lambs each but at about 3 months of age or after the completion of the lactation period not all sheep are sold, some will be cared for and raised for brood regeneration sheep.

The sale of grass and grass seeds is not the main focus of this business but can be a side income considering that old grass cuttings are waste and cannot be eaten by livestock because they are hard and have reduced nutrition. However, the sale of grass seeds cannot be underestimated because there are quite a lot of enthusiasts who are looking for grass seeds to be planted as a variety of feed in the Lemu Sedoyo integrated farm. On the other hand, this grass has a crude protein content of up to 18% which is sufficient to meet the daily needs of sheep.

Likewise, the productivity of this grass is far better than the grass commonly planted by other breeders, Napier Pakchong Grass, which can be harvested 3 times a year. According to the Animal Husbandry and Animal Health Service, 1 hectare of fertile land of this grass can produce 250-275 tons per year. Therefore, this grass is in great demand by farmers to be planted as a forage bank for their livestock because it is more productive and has higher nutrition than elephant grass which is usually grown by local breeders.

In practice, during the 2 years that this business has been running, many obstacles have been encountered which generally occur in production and sales techniques so that this sheep farming business has not reached the

production level expected by the author. In production techniques, the authors still find failures that occur in producing lambs, one of which is a miscarriage that occurs due to several suspected causes. Meanwhile in technical sales, the author realizes his negligence in recording cash flows so that several transactions are not recorded in his business report. It becomes the main focus in reporting this business venture, the author committ to improving the systems and mechanisms both of production and sales from the Lemu Sedoyo Integrated Farming.

### 3.2 Idea of Business Activity

This business has 2 orientations, the first is money orientation and the second is social orientation. As a business entity in the field of sheep farming, Integrated Farming Lemu Sedoyo should carry out all kinds of economic activities in order to obtain the maximum profit by utilizing all the natural resources and potential that exist around it. In this case, Lemu Sedoyo Integrated Farm raises sheep and reaps the benefits from the buying and selling the sheep produced by these breeders and explores other potential profits from the livestock sector such as selling grass seeds and sheep manure to cover livestock operational costs.

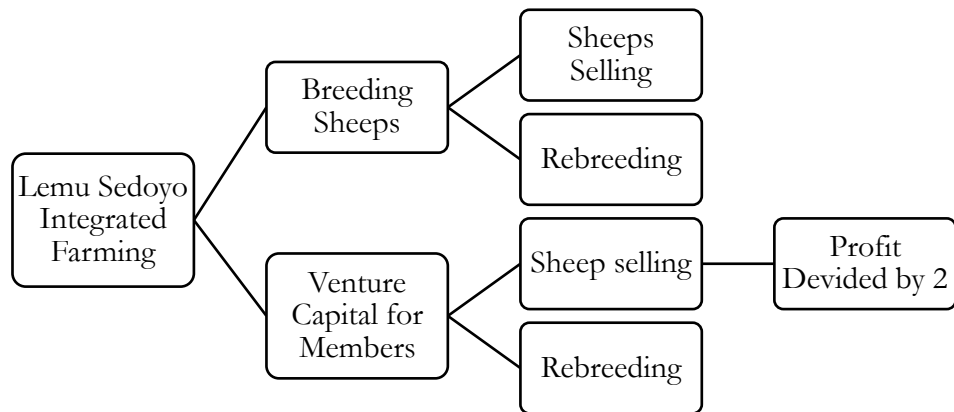


Chart 3. 2 Idea of Business Activity

Properly as social beings, humans are also required to benefit others as it is written in the Hadith of At-Tabrani's History in Al-Ausath no.5787 that "and the best human being is the most beneficial for other human beings" (Kementrian Agama, 2020). Lemu Sedoyo Integrated Farm works with residents to see the potential in sheep farms that will be given to residents and seeks to adapt a profit-loss sharing system to create a *Sharia* sheep farming business. If there are already many residents participating in livestock groups, then this group already has legality so that it gets more attention from the government, Lemu Sedoyo Integrated Farm will also embrace livestock businesses in other sectors such as home-based cattle and poultry farmers in Temon Village, Kulonprogo.

### **3.3 Market Opportunity**

As stated in the previous section where the need for the people of Yogyakarta to consume sheep is very high but local production cannot meet their needs, so that many consumers buy sheep from outside the city. It indicates that in general, the potential for the sheep market in Yogyakarta is still very large. Therefore, the author divides sheep consumers based on their needs in finding sheep at Lemu Sedoyo Integrated Farming:

The first consumer is the reseller market, which buyers come from among farmers who buy young sheep to be fattened and sold back to the sheep market around Yogyakarta. There are 2 typical buyers of sheep, the first is to buy sheep by weighing and the second is by guessing the price from looking at the posture of the sheep directly or known as "*Jogrokan*". Both have advantages, if calculated using the weight of the sheep, it can be estimated that the weight of the carcass meat is heavier than the local sheep, considering that the sheep raised are superior sheep. Whereas if it is valued with the jogrokan system, then the market price for the breed of sheep raised is still relatively expensive.

The second is direct consumer. The target market is institution and individuals who are looking for sheep for direct consumption, such as Islamic holiday celebrations such as *Qurban* on *Eid al-Adha*, *Aqiqah*, and other celebrations. This market is quite large but usually only exists at certain times with an indeterminate amount as well as resellers who always buy in large quantities.



Figure 3. 1 Quarantine of Fattening Sheep for Consumption

The third is breeder market, the buyer is a farmer both large and small breeders who are interested in buying sheep from the Lemu Sedoyo integrated farm to be developed in their cage because apart from having an ideal body posture. Especially when the days are approaching *Eid al-Adha*, there are so many requests come from residents, islamic institutions, and even outside the city but cannot be fulfilled considering the need in the region is still very much.

Finally, sheep manure is used as compost. Because the fermented feed given to sheep already contains decomposers, sheep manure does not smell and has a small percentage of ammonia so it is good for organic fertilizer without having to use decomposing bacteria to process sheep manure. into

organic fertilizer. Sheep manure is reused as a substitute for urea fertilizer to keep plants green and healthy. However, this manure also has economic value so that it can be packaged and sold. Therefore, it is not surprising that many plant hobbyists and farmers who use organic vegetables and fruits are looking for sheep manure as a good planting medium mixture for them.

### **3.4 Business Feasibility Analysis**

Considering the potential explained above, this business is worthy to be continued and improved from the current one because it brings more benefit by adapting theory from the study of public economics where a good business will create its atmosphere. All aspect of business from production to waste brings more good than harm for so many aspect. As the matter of fact, livestock business that focus on breeding and fattening as like Lemu Sedoyo Farm creates its atmosphere which almost no waste. The source of sheep feed is chopped grass and concentrate as an appetite enhancer and complement the nutritional needs of sheep.

Briefly, when viewed from the area where this business is carried out, the village of Temon Wetan, Kulonprogo is located between the beach and at the foot of the hills in Kulonprogo Regency. It makes this village be quite strategic for establishing a livestock farm because it has fresh air, fertile soil, sufficient sun, and cool temperatures tend to be stable and far enough from urban areas to make livestock not easily stressed and easy to adapt to the environment which can be known from healthy and active livestock.

The second reason why this business is feasible for the author is the author's experience of having previously run a sheep business in 2013, namely the business of fattening sheep for sale at *Aqiqah* and *Eid al-Qurban* events and being willing to manage meat for drying *Aqiqah* events. At that time the author's family was already in the business so that the author more or less



already understood and had a mentor regarding this sheep farming business although there would be many new obstacles that the author would encounter when this business was running. According to the author, this is not only seen as a business opportunity that generates a lot of profit from the sale of sheep and its production factors, but also as an investment to increase the value of sheep of which price will not decrease.

The third reason is that sheep have prices that tend to rise every year, of course as explained in the previous discussion where the economic law of demand and supply is an indicator of rising sheep prices. Not only the scarcity that occurs because of increased demand for sheep for consumption, but also the existence of sheep breeders who the focus on raising sheep is less compared to breeders who focus on fattening for various reasons, one of which is efficiency. On the other hand, fattening sheep does require less time and low risk than breeding sheep.

The level of consumption of sheep and the supply of sheep is not directly proportional as has been described above. because of that, the author several times encountered pregnant ewe and even slaughtered to be served due to the lack of sheep that were suitable for the classification to be slaughtered. On the other hand, the increasing number of fattening sheep breeders is also not balanced with the large number of sheep breeders in Yogyakarta, so the price of lambs for fattening is also getting more expensive. It also has an impact on *Eid al-Adha* celebrations where the price of sheep is getting more expensive. Therefore, the authors assume that being a sheep breeder is not only profitable in terms of sales but also as a form of long-term investment because sheep prices will always increase.

The last reason why this sheep farming business is worth to consider is because the only waste produced is food scraps, sheep manure and urine

which are used as organic fertilizer for grass plants for animal feed. Almost all aspects of sheep have the potential to be developed into valuable items in the future. The long term goal is that Lemu Sedoyo Farm can manage even more sheep business lines where it does not only sell sheep and sheep but also decorations and crafts from sheep waste raw materials by empowering residents around the village so that processed lamb meat and handicrafts become one of the mainstays of the icon. Considering the location of the business which is very close to the new Yogyakarta International Airport, It takes a very long time and requires commitment and competence on it.

### 3.5 Business Project Sustainability

Since this business was first established, the author has had an annual expected improvement that has occurred at the Lemu Sedoyo integrated farm where this business has not only brought a lot of good to the author but has also become an agent of change for the community around this farm.

Table 3. 1 Annual Expected Improvement

2020	<ol style="list-style-type: none"> <li>1. Have 100 fattened sheep.</li> <li>2. Increase the number of workers.</li> <li>3. Sheep sales in every month both inside and outside the city.</li> <li>4. Capable of producing forage feed banks and concentrates for resale.</li> <li>5. Have a sheep delivery expedition fleet.</li> </ol>
2021	<ol style="list-style-type: none"> <li>1. Have 50 productive sheep.</li> <li>2. Enlarge feed bank.</li> <li>3. Build a group of goat and sheep breeders have at least 15 members.</li> </ol>

	<ol style="list-style-type: none"> <li>4. Obtain the legality of livestock groups and receive education and counseling from the Agricultural Extension Agency.</li> <li>5. Get livestock business assistance from the agriculture office for residents in the form of materials and education</li> </ol>
2022	<ol style="list-style-type: none"> <li>1. Add members of the sheep farmer group at least up to 10% of the villagers.</li> <li>2. Open catering for aqiqah and big events using lamb by empowering women's farmer groups.</li> <li>3. Hold animal health counseling in the village in collaboration with the livestock service.</li> </ol>
2023	<ol style="list-style-type: none"> <li>1. Add members of the sheep farmer group at least up to 15% of the villagers.</li> <li>2. Open a lamb restaurant business in Temon because this area is strategic and close to Yogyakarta International Airport.</li> </ol>

Improve in specific aspects:

1. Improve Cage Management

Creates an organized cage is one of unfinished developing process. Make a good cage for sheep and lamb such as the placement of animal feed and drink, good animal feed bank and livestock waste management always being improved by learning to many success farmer. Improving quality of sheep also become the concentration research by cross-breeding several types of sheep with good quality and affordable prices such as merino lamb, awassi, and big tail.

2. Market Expansion

As an effort to maintain Indonesia's food security, especially to meet the demand for lamb in Yogyakarta, Integrated Farm Lemu Sedoyo is making serious efforts to expand the market through surveys and

building partnerships with local livestock groups, restaurants and slaughterhouses spread across many districts around Kulonprogo. It is hoped that the small steps taken by Lemu Sedoyo Integrated Farming will have a long-term orientation to build partnerships with many large breeders in Java-Bali with the aim of increasing the supply and demand for sheep consumption.

### 3. Partnerships With Local Residents

As a form of empowering villagers who make a living from farming, Lemu Sedoyo Integrated Farming does not only focus on self gain oriented but also inspire and support the villagers by built many partnership by providing many sheep that will be handled by villagers with profit lost sharing. Lemu Sedoyo farm providing sheeps and food bank while villagers built a cage in their home. Actually, this system has been implemented and will be expanded so that it can form farmer groups and give some good impact to the villagers.

## CHAPTER IV

### BUSINESS PROJECT IMPLEMENTATION AND ANALYSIS

#### 4.1 Business Profile

The Lemu Sedoyo Integrated Farm started in Temon Village, Kulon Progo Regency, Yogyakarta in early 2020 which is managed by a worker known as the “anak of the cage”. In the beginning the farm focused on fattening simply because it was easy to manage in various aspects like cash flow recording and low risk. The mechanism is that the farmer buys a lot of sheep to other farms then is treated for 3 to 4 months and then sold as sheep for consumption. Unfortunately, after 5 months of being managed by the keeper of the sheep, the farm is losing money due to the wrong care for the sheep and actually the problem comes from the keeper himself who does not take good care of them. Considering the conditions in which COVID-19 exists so that everything is done from home, the author ends up taking care of the farm by relying on his abilities.



Figure 4. 1 Fetal Lamb Dies as A Result of Miscarriage

Due to the problems above, Lemu Sedoyo Farm shifted its business from fattening to breeding only because of limited budget to buy concentrate or substitution feed for sheep and switched from concentrate feed to forage

feed grown on private land. In October 2020 Lemu Sedoyo Farm entered into a collaboration with the Islamic University of Indonesia Excellent Community (UIIEC) to realize a social service program organized by the Ministry of Education and Culture (KEMDIKBUD), namely the Holistic Village Development and Empowerment Program (PHP2D). Lemu Sedoyo's role is to provide superior seeds for nurseries and guide villagers in caring for livestock such as sheep, goats and cows.



Figure 4. 2 Control The Health of The Sheep With Residents and Bhabinkamtibmas Polsek Temon, Kulonprogo, DIY

Lemu Sedoyo and UIIEC grant many sheep and goat to villagers and traditional islamic boarding school in this village. Not only give some grant, but also educating villagers about the cage management using collected cage system so the livestock will be more healty. The understanding about feed bank management is also important to be known by livestock keeper in order to make sure the feed is always ready, informing green grass variant and fermented food system is also being shared. Hopefully the participants of this program will not find it difficult due to the difficulty of finding livestock feed.



Figure 4. 3 Workshop on Making Feed Banks Using The Silage Method

After 2 years and so many villagers that become members of this project feel that this program brings good impact for them, Lemu Sedoyo becomes a group of sheep and goat farm so more and more people take part in it. This business from a private business becomes a group business which brings more social benefits then it grows itself by hiring sheep keeper then pay them every month. In the end, the goal and objectivity of this business is not only to reap profits but also the welfare of the residents who currently do not only grow crops but also take care of sheep, which brings benefits to them as well.

#### 4.2 Realization of Project Budget

Since the first time this business was run, the capital used personal money from the sale of the motorbike owned by the author in the hope of not being tied down and not leaving debt. It can be proven from transactions that occur only buying and selling sheep and written on the balance sheet which will be discussed below.

Table 4. 1 Realization of Motorcycle Sales Money

No.	Name	Unit Price	Quantity	Total Price
1	Cage building	Rp 7,000,000	2	Rp 14,000,000
2	Tup	Rp 1,200,000	10	Rp 12,000,000
3	Ewes	Rp 900,000	10	Rp 9,000,000
5	Land lease (3 years)	Rp 750,000	3	Rp 2,250,000
6	Grass seeds	Rp 500	2,000	Rp 1,000,000
7	Mini excavator rent	Rp 1,000.000	1	Rp 1,000,000
4	Livestock medicine	Rp 300,000	1	Rp 300,000
<b>Total</b>				<b>Rp 39,550,000</b>

There are so many tool is needed but not included in the realization budget because the author already owned the equipment before this business was founded. So that not all new equipment was purchased when this business was started.

Table 4. 2 Owned Equipment

No.	Name	Unit Price	Quantity	Total Price
1	Pick up van	Rp 46,000,000	1	Rp 46,000,000
2	Chopper	Rp 9,000,000	1	Rp 9.000,000
3	Lawn mower	Rp 1,300,000	2	Rp 2,600,000
4	Plastic drum	Rp 200,000	10	Rp 2,000,000
5	Electricity kit	Rp 250,000	1	Rp 250,000
<b>Total</b>				<b>Rp 59,850,000</b>

### 3.3 Business Project Implementation

Since this business was first established, the author has had an annual expected improvement that has occurred at the Lemu Sedoyo integrated farm where this business has not only brought a lot of good to the author but has also become an agent of change for the community around this farm.



Table 4. 3 Business Project Implementation

2020 (Early)	<ol style="list-style-type: none"> <li>1. This business was started.</li> <li>2. The author breeds himself and provides capital assistance to 5 residents, each of which is 2 ewes.</li> <li>3. The author suffered losses due to employee negligence.</li> </ol>
2020 (Last)	<ol style="list-style-type: none"> <li>1. The ranch has improved since being run by the author.</li> <li>2. The author began to build an integrated feed bank.</li> <li>3. The author collaborated with UII EC to realize sheep farming capital from KEMDIKBUD.</li> <li>4. Providing sheep to 5 residents and 1 Islamic boarding school as capital for sheep farming.</li> <li>5. The author conducts educational socialization of feed bank management to residents who have livestock.</li> </ol>
2021 (Early)	<ol style="list-style-type: none"> <li>1. The author started renting abandoned residents' land to expand the feed bank.</li> <li>2. Sheep birth rates and sales are improving.</li> <li>3. The author also increases the sale of grass seeds and sheep manure.</li> <li>4. The author gives more capital to 5 residents and grants 3 sheep to Islamic boarding schools.</li> </ol>
2021 (Last)	<ol style="list-style-type: none"> <li>1. The author changes the type of sheep raised from local sheep to Texel sheep.</li> <li>2. The spread of the virus due to transition which has an impact on the death of livestock and poultry.</li> <li>3. The author experienced the death of quite a lot of lambs.</li> <li>4. The sale of healthy sheep continues.</li> </ol>

2022 (Early)	<ol style="list-style-type: none"> <li>1. There is good development in sheep production and sales.</li> <li>2. The author forms a partnership with a farmer fattening sheep to supply lambs.</li> <li>3. The residents who receive capital provide catering for <i>Aqiqah</i>.</li> <li>4. Several residents followed the certification of <i>halal</i> slaughter from the MUI.</li> </ol>
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This farm has been running for two and a half years, meaning that no business has been running smoothly because the owner of the farm is not an expert in animal husbandry, so learning through experience certainly takes time, effort and materials. In the first semester the author runs this business in two ways, the first is by fattening in the author's personal pen by paying an employee to take good care of the sheep and the second is distributing 5 residents each 2 sheep to be cared for and bred with the profit sharing system.

At the end of the period in the first semester, the author evaluates the employees who care for the sheep because there is no significant growth from the sheep treated because the farmer cannot follow what the owner says in caring for the livestock so that it has an impact on losses in the first sale. Not only the increase in body weight of the sheep, but also many lambs that miscarry, baby lambs that die because they are not cared for properly so that their mothers do not produce milk. While the 10 goats given to 5 people grew well and the sheep were not sold but raised until they were adults.

In the last half year of 2020 all farms are handled by the owner and the condition has improved because the farm owner has built a feed bank and planted a variety of grasses to meet the needs of the sheep. Many lambs gave birth in good health, but some of the lambs died because their legs were

pinched by the pads of the cage which were too loose, resulting in a lot of repairs to the pads of the sheep's pens. During this period, grants were realized from KEMDIKBUD and allocated to 5 residents and 1 Islamic boarding school located in the same village in the form of 2 pregnant ewes per resident and 4 pregnant ewes as well as a chopper machine to manage the feed bank and provide education to residents in managing the silage method of feed banks.

In the second year of the initial period, the author expanded his feed bank by renting abandoned land and planting various types of grasses. During this period there were so many productive lambs, a good progress was seen in both the author's sheepfold and the sheeps cared for by 10 residents and 1 boarding school. Eventually, the author added 5 more partners who were given 2 pregnant sheep each and increased and give some grants to the islamic boarding school was 3 sheep. Seeing good market prices, during this period, farmers also started selling sheep that were ready to be fattened to other breeders who focused on fattening. Sales of grass seeds and sheep manure were also carried out to meet the mobility needs of livestock.



Figure 4. 4 Sheep Grants to Islamic Boarding School

At the end of the second year, the breeder changed the type of sheep they kept from local breeds to Texel and Merino sheep because these were superior and affordable types of sheep. This is done to improve the quality of the sheep produced in the author's sheepfold. As for the sheep that were given to the residents, they still used local sheep but could mate the ewe with the ram owned by the author to improve the offspring of the sheep so that they had the Texel sheep gene and became sheep that were superior to lambs that were only married to local sheep.

The obstacles that will occur at the end of 2021 are caused by changes in weather where erratic heat and rain make conditions in the stables damp and cause several diseases such as flu and decreased appetite, so high doses of vitamin and mineral blocks are given to raise healthy livestock. In the final third of 2021 there will also be quite a number of lamb deaths caused by climate change. Erratic air temperatures cause the growth of viruses that attack livestock health to increase significantly and attack all livestock including poultry such as chickens and ducks. This is common as it is an annual virus present due to transition, but this year it was severe enough to cause death in the lambs. Even so the sale of sheep still exists and the sheep that are sold are of course healthy sheep.

In the middle of 2022, as this report begins to be written, the sheep that are raised show satisfactory progress, both the development of the sheep cared for by the author and the sheep that are given to residents. During this period, the author began to build partnerships with breeders who focused on fattening sheep around the author's residence and offered lamb breeds from sheep produced by the Lemu Sedoyo livestock group. As for the fostered members of this livestock group, they are also starting to develop, where previously they only fattened sheep, now they have received sheep purchases,

received catering for *Aqiqah* and big events after participating in *halal* slaughter certification conducted by the Indonesian Ulema Council (MUI).

#### **4.4 Problem Identification and Solution**

##### **1. Cash Flow**

Cash flow becomes the first problem in this business since this business was started because of the capital was came from personal budget so it was never counted well. The owner realize that this is not good for business continuity and it supported by so many aspect so that in the end everything just goes away. It is supported by unexpected operational cost for examples like utility expenses that using personal budget that has not been counted yet. The second is because of the main focus of this farm is breeding so this business is not bound by time and every sheep has different character which impacting to the time of sheep mating and giving birth.

On the other hand, this business is developing by inviting people who want to raise livestock by providing capital for several sheep with a profit-sharing system in profit sharing. This condition makes it harder to calculate the flow of money and assets even though assets continue to increase due to rising birth rates and unrecorded transactions. The effort that can be done by the author at this time is to collect back proof of transactions that still exist, both written and proof of digital transactions, then the author re-records all assets owned and their developments. By writing this report, the author feels very helpful in recording it and the author is trying to improve the existing cash flow and give more attention to it in the future so that it is more organized.

##### **2. Cage Management**

The problem comes because of lack of knowledge of the farmer since this business built by self-taught where the cage placement and cage design will affect the sheep life. High cage with collected system that has good air circulation and sunlight is the best cage because it will decrease the risk of suffering of illnesses. Because of there are 2 type of livestock management which is breeding and fattening, there must be separated because of different treatment. The best solution for it is to create new cage which means open land by rent it. The solution made by the author is to separate the sheep that are fattened from the sheep that are being bred. The author builds 2 cages that are spaced apart because of the difference in treatment between the two which costs quite a lot. Sheeps that are bred eat more fresh grass than concentrates and fermented feed, while fattened sheep require more concentrate and fermented feed than fresh grass.

### 3. Feed Bank

Feeding sheep is not as easy as giving some grass then enough, sheeps also need some nutrition that must be fulfilled where protein is one of the most needed nutrients. So the farmer needs to plant some variant of grass with high protein and some concentrate as the appetite enhancer. The problem also comes from the price of concentrate, the high price does exist because of the scarcity of it. The best way is expand the food bank by planting some variant of grass which should open the land and rent to whomever who available.



Figure 4. 5 Processing of Feed Silage Method

In any case the use of concentrate in animal feed mixtures is urgently needed, not only as additional nutrition for livestock but also as an appetite enhancer so that even though the price is soaring, breeders like the author also still buy it because concentrate is also a composition in the management of fermented feed banks.

#### 4. Livestock Health

Livestock health problems are always exists and ready to threaten the health of livestock. Based on the author's experience, in the summer fleas and fungi can grow in the sheep's body if the sheep are in a damp pen and are not exposed to the sun so that in the summer it is better to keep the animals clean by shaving their fur and then washing them.

During the rainy season, the threat to sheep health increases. Humid cage conditions will very easily invite diseases such as blood-sucking flies, green flies, and others. If the conditions of the cage are dirty and damp, it is easy for livestock to get diseases such as colds, coughs, watery and red eyes, fleas, and others.

Breeders mistakes in providing animal feed that occurs due to a lack of knowledge of breeders is also disastrous for their livestock. Some animal feeds can be toxic to farm animals. As a result of their ignorance, the sheep that were being treated died of poisoning causing their stomachs bloats after being fed fresh cassava pellets. Likewise cassava leaves that are still fresh are not good either because they cause the same thing.

Therefore, cleanliness must be maintained, both the cleanliness of the cage, feed, and the cleanliness of the sheep itself. Just like humans who will get sick if they do not maintain cleanliness. Washing the sheep, cutting their nails, giving worming medicine and vitamins is always done by the author to maintain the health of the sheep to avoid disease. Cleaning the pens and sheep droppings is also done as an effort to minimize the development of disease in the pens.

#### **4.5 Business Project Implementation Analysis**

##### **1. Technical and Production**

In the sheep breeding sector, the system applied is colony cage system. In 1 cage block there are 5 to 8 ewes that are ready to be bred which will be mixed with 1 ram within 2 weeks to 1 month to ensure the ewes have been fertilized by the rams. This method is very efficient because it only requires 2 rams of superior quality to fertilize up to 40 ewes. In the feed sector, Lemu Sedoyo farm prioritizes forage feed because it is more natural and easier to obtain than using expensive concentrate feed. To reduce feed costs, Lemu Sedoyo farms plant a variant of forage on land using fertilizer from sheep dung and leftover sheep feed to reduce the cost of purchasing urea and NPK fertilizers.

After being mated and the sheep are indicated to be pregnant, lambs that are already heavily pregnant are usually at the age of



approaching 5 months of gestation separated from the colony so that they are not disturbed during childbirth. After giving birth, the lambs were breastfed either directly from their mothers or formula given by the author until they were 3 to 4 months old. Then the mother and lamb can be separated so that the lamb can be raised and fattened while the lamb can be re-mated after 40 days after giving birth but the author does the mating after about 2 months after giving birth so that the lambs are more focused on breastfeeding their lambs first.

Lambs aged 3 to 4 cannot actually be sold because there is a lot of demand for them to be used as fattening material. Some of the sheep were sold and some were raised again in Lemu Sedoyo's stables so that when the *Iedul Qurban* event approached they could be sold. some good ewe and rams will not be sold and will become regenerative material for the brooders in the sheepfold.

## 2. Management and Organization

Lemu Sedoyo Integrated Farming is branding for the sheep farming business owned by the author. However, as time progressed the author gathered several people who were given assistance in the sheep business and gathered and formed a livestock group called Lemu Sedoyo. Eventually, Lemu Sedoyo is not only the name of the farm owned by the author but also the name of the livestock group built by the author.

As for the livestock owned by the author, they do not have any management or organization because since the author has terminated the employment relationship with an employee who takes care of the sheep, the author has carried out all the activities of his own pen such as bathing the sheep, cleaning the stables, shearing the sheep, even

managing the feed is also carried out by the author and his father. On the one hand, by handling everything himself, the author does not have a salary burden, but in the future the author will look for suitable workers, considering that the sheep business is very time consuming for the writer, so the writer cannot do anything else to develop himself.

As for Lemu Sedoyo as the name of the livestock group, the author regrets that the author has attempted to legalize the livestock group so that it is registered with the Kulonprogo district livestock service in order to receive counseling and livestock group assistance from the government but this was rejected by the Kulonprogo district agricultural extension agency because that there is a problem on the filling and the unpreparedness of the Lemu Sedoyo members to make it a livestock group. The author found that livestock groups in other villages had easy access to this matter, while in the village where the author lived, this was complicated as there was discrimination in the village where the author lived and members of the Lemu Sedoyo livestock group.

The author and members of the Lemu Sedoyo livestock group have re-evaluated and found no internal problems in this group. By these problems, until now Lemu Sedoyo still has not received farmer group legality and has not been registered as a farmer group at the Kulonprogo district Animal Husbandry Service (BPP) which has not received assistance to develop a sheep farming business. Organizationally, Lemu Sedoyo is only a sheep farming group that has great hopes but it is not supported by the government. Even so, the business activities in it can run properly and are able to develop the potential in raising sheep properly.

### 3. Socioreligious Aspect

As discussed in the previous chapter, this business in the livestock sector does not only make profits for the author but also generates social benefits as a form of community service. Instead of forming partnerships with successful breeders in Yogyakarta, Lemu Sedoyo farm is more interested in optimizing village breeders first. In addition to provide innovative and useful knowledge in the field of animal husbandry, embracing traditional breeders can facilitate access to buy and sell sheep so that more or less it can help recipients of financial assistance for sheep farming. The system used to empower residents is to provide capital assistance in the form of sheep and manage them and implement a profit-sharing system in the Islamic economy so that both *Mudharib* and *Shobibul Maal* can utilize and optimize the sheep provided so that it can be profitable for both parties.

The initial capital mechanism refers to the *Muẓara'ah* contract which is applied to Sharia farming, consisting of sheep owners and cultivators. Relying on the statement of Imam Abu Yusuf bin Hasan Asy-syaibani (Berlian, 2017) that one of the conditions for the ratification of the *Muẓara'ah* contract is that the capital owner provides the land and seeds while the farmer prepares the tools and labor which is then adapted to the farm where the capital owner provides the sheep and grass while the farmer prepares the stables and power to look after the sheep. The proceeds will be divided according to the agreement, They are 40% for capital owners and 60% for farmers which is ratified in a written agreement between capital owners and farmers as proof of commitment.



Figure 4. 6 The formation ofTthe Temon Village Livestock Group Together With Residents and UII EC

Currently there are 15 members and 1 boarding school partner of Lemu Sedoyo which receives sheep from a grant implemented by *Program Holistik Pembinaan dan Pemberdayaan Desa (PHP2D)* and the Lemu Sedoyo farm. On average, the members of the Lemu Sedoyo livestock group have a main job as a farmer, so raising sheep is a profitable additional income for them. As for some recipients of business capital from the author, they are ultimately more focused on raising livestock using their personal capital so that it can be ascertained that the efforts made by the author to gain profit and mutual welfare have been sufficiently achieved. Even so, development in several sectors is still being carried out so that it does not stop at one point.

#### 4. Farm Cash Flow

The cash flows listed in the attachment are in the form of sale and purchase transactions of sheep that are carried out for one year and the birth rate of sheep that have reached the age of 3 months and are monetized. The sheep that are 3 months old are not counted because the sale value cannot be determined.

#### 5. Balance sheet in One Year

As it is known that the financial performance of a company can be described through the financial balance sheet because the financial statements are the center of information regarding finances and information on the achievements that affects decisions that will be taken in the next period (Hidayat 2018). The trade balance is attached on the attachment page.

#### 6. Income Statements

The income statement contains income, expenses, profit and loss which generally contains sales, the second part contains operational costs and the third part shows results obtained from outside the company's main production while the last part shows the final value of profits and losses. The following profit and loss report is in the attachment.

### **4.6. Business Feasibility Indicators**

Budi Suryanto (2021) said that in carrying out a business there are at least 4 indicators to determine the feasibility of business. If the business in question is already running, the business feasibility indicator serves to assess business opportunities and evaluate whether the business that is already running is feasible to continue or not. If the business is feasible to continue, then it is better for the authors to carry out several evaluations and preventive steps as stated in the previous chapter to protect and minimize losses that may occur in the future. The author report the results of calculating this business feasibility indicator with an annual scheme. There are 4 indicators of the feasibility of the sheep livestock business that have been run by the author which can be seen from the 4 aspects below:

#### 1. Profit Margin

Profit margin is the percentage of profit compared to turnover. The bigger it is, the better it is or the more it supports business feasibility even so there is no minimum percentage limit of the profit margin. The profit margin can be found from the following formula:

$$\textit{Profit Margin} = \frac{\textit{net profit per year}}{\textit{annual turnover}} \times 100\%$$

- Profit Margin 2020

$$\frac{14,560,000}{30,000,000} \times 100\% = 48.5\%$$

- Profit Margin 2021

$$\frac{44,710,000}{21,250,000} \times 100\% = 210.4\%$$

- Profit Margin 2022

$$\frac{49,901,000}{22,650,000} \times 100\% = 111.7\%$$

By the profit margin data above, the author construe that there is an increase in profit margin each year. As stated in the first statement that the greater the profit margin of a business, the more feasible the business to run.

## 2. Return on Investment

Return on investment is the amount of money earned within 1 year of the amount invested in the form of a percentage. It usually referred to the rate of return on investment to determine its feasibility. This percentage can be compared with other investment percentages such as deposits, credit interest rates and gold inflation. How to calculate the return on investment is:

$$\text{Return on Investment} = \frac{\text{net profit per year}}{\text{investment capital}} \times 100\%$$

- ROI 2020

$$\frac{14,650,000}{99,400,000} \times 100\% = 14.7\%$$

- ROI 2021

$$\frac{44,719,000}{99,400,000} \times 100\% = 44.9\%$$

- ROI 2022

$$\frac{49,901,000}{99,400,000} \times 100\% = 50.2\%$$

Based on the author's calculations, the ROI obtained in 2.5 years has an average of 38.0% whereas when compared to the inflation that has occurred in gold in the last 5 years which is 68.1% with an average growth of 8.51% (Malik, 2022). Based on data obtained by the author, the ROI obtained from the author's sheep farm is greater than the average inflation price of gold.

### 3. Break Even Point

As it is known that the breakeven point is the breakeven point of the capital that has been issued or commonly called the return on investment. BEP is useful for knowing how long it takes to run a business until the capital can return and the business can run purely for net profit. From the data owned by the author, the average gross profit generated from Integrated Farming Lemu Sedoyo is Rp. 24,686,700. While the average burden incurred by this farm within a year is Rp. 9,239,000. Then the average pure profit earned by the author for a year is Rp. 15,393,700.

The BEP from business calculations for 2.5 years and does not include the growth in the value of sheep and income other than buying and selling sheep. As was known in the previous chapter that there is an increase in the value of sheep because sheep have prices that tend to be progressive. On the other hand, there are other incomes such as the addition of lambs which are valued in money and other sales. Then, the BEP of the sheep farming business is likely to be more than the value written.

#### 4. Payback Period

Almost the same as BEP, the payback period is the time needed to return the investment capital invested at the beginning of this business. It can be ascertained that after the capital has returned, the company can run a business from the circulation of money in that business only. When it reaches the payback period for investment capital, it can be ascertained that the business is at a safe point because the author only needs to do the calculations on business expenses.

Based on the data owned by the author, the average income from the sheep business run by the author is Rp. 3,032,700. While the investment capital invested by the author to run this business is Rp. 99,400,000. After being calculated, the sheep farming business run by the author will return on investment after running the business for 2 years and 10 months if all the profits derived from all the transactions that have occurred are only allocated to the author's return on capital.

Payback period with a period of 2 years and 10 months, according to the author, it is classified as a fast return on investment and it is worth to be considered. By this statement, the author can make sure to expand this livestock business. However, there is no definite



time parameter to determine the feasibility of the business. However, if the business uses debt or uses capital from investors, the payback period is very useful to convince investors to be interested in investing their money in the business. While the author uses personal money as capital for this business. By that, the author has ensured that the money used by the author as business capital will return within 2 years and 10 months and according to the author this can be used as a safe point because the author's business capital has returned.

## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusion**

This business was built with the aim of building prosperity and providing benefits for business owners and residents receiving business assistance who are given venture capital. The author has hope that in the end it will form a more organized integrated farm. Sheep farming is a promising business because almost all aspects of sheep manure have economic value as previously mentioned. As a business that depends on living things, sheep farming also has a high risk because the threat of illness and death will come at any time, such as foot and mouth disease that recently occurred, paralysis, miscarriage, mineral and calcium deficiency and even death can occur any time if the farmer does not pay attention to the cleanliness and health of the sheeps.

On the other hand, this business is also very time-bound so that wrong actions do not only result in material losses but also time because raising sheep takes a long time. Lemu Sedoyo Integrated Farm went through a long process and experienced a loss of time and material at the beginning of the period, but based on experience and mistakes made later on, the author can anticipate and be wiser in caring for sheep to minimize losses. However, this is very reasonable in a business that learns directly in the field, with in-depth analysis before running a sheep farming business, it is likely that the author will be better prepared to face the obstacles that will occur.

Lemu Sedoyo Integrated Farm has high hopes in carrying out this business, the author hope that this business will become an integrated business with other businesses related to agriculture and animal husbandry which in the end can make Temon Wetan village be one of the tourist villages in Indonesia located in western corner of Yogyakarta province. Even so, seeing that the business development is still far from the author's expectations, an evaluation

really needs to be done by the author before expanding this business. For the author, finding buyers is easier than keeping and caring for sheep. Therefore, what the author will do firstly is improving the internal enclosure of the author.

## **5.2 Recommendation**

There are many things that must be evaluated and improved, especially in the financial recording system and various kinds of transactions in order to be able to find out all the transactions that have occurred and can make it an evaluation in the next period. As for the money flows written in this report, all transactions and production values were recorded and of course there are still many transaction that are missed and not recorded by the authors, which can be ascertained to have a cash flow value that is greater than what was reported by the authors in this report.

However, with minimal data, the author prove that sheep farming is a profitable business and is worth considering based on a review of business feasibility analysis. As stated by the author on business feasibility indicators there are 4 factors that make the sheep farming business run by the author can be said to be a viable business. As for the value conveyed by the author, it has not become a fixed value from the sheep farming business that the author has worked for 2.5 years. However, it is certain that the author has a value and percentage that is more than what is written on the business feasibility indicator because the data is only based on transactions recorded by the author and due to negligence committed by the author in recording all business activities, so the value that listed does not become a fixed number.

Although the numbers submitted by the author are not fixed numbers, the numbers listed is sufficient to be an indicator of the feasibility of this sheep farming business as an inspiration and a worthy exemplary business by prospective entrepreneurs who want to engage in sheep farming, both breeding as done by the author and as a sheep fattening farm. Even so, there

are several things that are important in raising sheep to minimize the failures that will occur in doing this business.

For anyone who is interested in building a business in the livestock sector, there are three things that need to be prepared. The first is a good feed bank to ensure that farmers will not have trouble finding feed considering that concentrate feed is getting more expensive because the supply is low. The feed bank includes land planted with grass and a feed warehouse for storing silage feed and other substitute feeds. The second thing that must be prepared is a large amount of business capital, indeed in breeding a male and a female sheep it is possible but not enough, at least 20 heads are needed to achieve efficiency in carrying out a sheep farming business.

Knowledge about livestock also important. It can be obtained by attending livestock business classes which are often held by large breeders in Indonesia. This class will discuss all aspects of animal husbandry, the concentration of its business, and most importantly, the most important is the participants could receive guidance on raising livestock and a large scope of business with the alumni of these participants. Therefore, the existence of a guide in raising livestock is very important. The business finance sector must also be noted, considering that many entrepreneurs are negligent in this matter so that they do not understand whether their business is profitable or losing.

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**Attachment A**  
**Cash Flows**

Table 1 Operating Cash Flow in 2020

No.	Name	Unit Price	Quantity	Total Price
1	Tup selling	Rp 1,200,000	10	Rp 12,000,000
2	Ewes buying	Rp 800,000	10	Rp 8,000,000
3	Tup buying	Rp 1,300,000	10	Rp 13,000,000
4	Tup selling	Rp 1,750,000	10	Rp 17,500,000
5	Ewes selling	Rp 1,250,000	10	Rp 12,500,000
				Rp 9,000,000

Table 2 Addition of Lamb in 2020

No.	Name	Unit Price	Quantity	Total Price
1	Tup borned	Rp 900,000	1	Rp 700,000
2	Ewes borned	Rp 700,000	3	Rp 2,100,000
				Rp 2,800,000

Table 3 Operating Cash Flow in 2021

No.	Name	Unit Price	Quantity	Total Price
1	Tup buying	Rp 3,500,000	2	Rp 7,000,000
2	Ewes buying	Rp 1,600,000	15	Rp 24,000,000
3	Baby tup selling	Rp 1,000,000	2	Rp 2,000,000
4	Baby ewes selling	Rp 700,000	2	Rp 1,400,000
5	Pakchong grass selling	Rp 1,000	1000	Rp 1,000,000
6	Guatemala grass selling	Rp 5,000	100	Rp 500,000
7	Tup Selling	Rp 4,000,000	1	Rp 4,000,000
8	Baby tup selling	Rp 1,600,000	1	Rp 1,600,000
9	Ewes selling	Rp 1,750,000	7	Rp 12,250,000

10	Pakchong grass selling	Rp 1,000	200	Rp 200,000
11	Elephant grass selling	Rp 500	500	Rp 250,000
12	Biovitas grass selling	Rp 1,000	1000	Rp 1,000,000
13	Elephant grass selling	Rp 500	500	Rp 250,000
14	Sheep dung selling	Rp 500,000	2	Rp 1,000,000
				-Rp 5,550,000

Table 4 Addiction of Lamb in 2021

No.	Name	Unit Price	Quantity	Total Price
1	Tup borned	Rp 1.500.000	9	Rp 13.500.000
2	Ewes borned	Rp 1.000.000	24	Rp 24.000.000
				Rp 37.500.000

Table 5 Operating Cash Flow in 2022

No.	Name	Unit Price	Quantity	Total Price
1	Ewes selling	Rp 1,200,000	5	Rp 6,000,000
2	Tup selling	Rp 2,300,000	8	Rp 18,400,000
3	Ewes selling	Rp 1,350,000	15	Rp 20,250,000
				Rp 44,650,000

Table 6 Addiction of Lamb in 2022

No.	Name	Unit Price	Quantity	Total Price
1	Tup borned	Rp 1,500,000	7	Rp 10,500,000
2	Ewes borned	Rp 1,000,000	8	Rp 8,000,000
				Rp 18,500,000



**Attachment B**  
**Balance Sheets**

Lemu Sedoyo Integrated  
Farming  
Balance Sheet  
January, 2020

	Debit	Credit
<b>Assets</b>		
Current Assets:		
Cash	Rp 5,000,000	
Sheeps	Rp 21,000,000	
Supply	Rp 1,300,000	
Fix Assets:		
Private Land	Rp 800,000,000	
Rental Land	Rp 2,250,000	
Sheepfold	Rp 14,000,000	
Equipment	Rp 59,850,000	
<b>Liability</b>		
Debt		0
<b>Equity</b>		
Capital		Rp 903,400,000
	<b>Rp 903,400,000</b>	<b>Rp 903,400,000</b>

Lemu Sedoyo Integrated  
Farming  
Balance Sheet  
December, 2020

	Debit	Credit
<b>Assets</b>		
Current Assets:		
Cash	Rp 23,560,000	
Sheeps	Rp 15,800,000	
Supply	Rp 2,500,000	
Fix Assets:		
Private Land	Rp 800,000,000	
Rental Land	Rp 2,250,000	
Sheepfold	Rp 14,000,000	
Equipment	Rp 59,850,000	
<b>Liability</b>		
Debt		0
<b>Equity</b>		
Capital		Rp 903,400,000
Annual Profit		Rp 14,560,000
	<b>Rp 917,960,000</b>	<b>Rp 917,960,000</b>

Lemu Sedoyo Integrated  
Farming  
Balance Sheet  
December, 2021

	Debit	Credit
<b>Assets</b>		
Current Assets:		
Cash	Rp 2,610,000	
Sheeps	Rp 68,400,000	
Supply	Rp 1,000,000	
Fix Assets:		
Private Land	Rp 800,000,000	
Rental Land	Rp 2,250,000	
Sheepfold	Rp 14,000,000	
Equipment	Rp 59,850,000	
<b>Liability</b>		
Debt		0
<b>Equity</b>		
Capital		Rp 903,400,000
Annual Profit		Rp 44,710,000
	<b>Rp 948,110,000</b>	<b>Rp 948,110,000</b>

Lemu Sedoyo Integrated  
Farming  
Balance Sheet  
September, 2022

	Debit	Credit
<b>Assets</b>		
Current Assets:		
Cash	Rp 29,160,000	
Sheeps	Rp 60,850,000	
Supply	Rp 2,200,000	
Fix Assets:		
Private Land	Rp 800,000,000	
Rental Land	Rp 2,250,000	
Sheepfold	Rp 14,000,000	
Equipment	Rp 59,850,000	
<b>Liability</b>		
Debt		0
<b>Equity</b>		
Capital		Rp 903,400,000
Annual Profit		Rp 49,910,000
Private		Rp 15,000,000
	<b>Rp 968,310,000</b>	<b>Rp 968,310,000</b>

**Attachment C**  
**Income Statements**

Lemu Sedoyo Integrated  
Farming  
Income Statement  
January 1 - December 31  
2020

Sheeps Selling		Rp	30,000,000
COGS		Rp	7,280,000
<b>Gross Profit</b>		<b>Rp</b>	<b>22,720,000</b>
<b>Operating Expenses</b>			
Salaries	Rp		5,000,000
Gasoline	Rp		5,200,000
Biodiesel	Rp		200,000
Electricity	Rp		360,000
Medicine and Vitamin	Rp		200,000
<b>Total Operating Expenses</b>		<b>-Rp</b>	<b>10,960,000</b>
<b>Operating Income</b>		<b>Rp</b>	<b>11,760,000</b>
<b>Non-Operating or Other</b>			
Other Revenues		Rp	2,800,000
<b>Net Income</b>		<b>Rp</b>	<b>14,560,000</b>

Lemu Sedoyo Integrated  
Farming  
Income Statement  
January 1 - December 31  
2021

Sheeps Selling		Rp	21,250,000
COGS		Rp	7,280,000
<b>Gross Profit</b>		Rp	13,970,000
<b>Operating Expenses</b>			
Salaries	Rp		5,000,000
Gasoline	Rp		5,200,000
Biodiesel	Rp		200,000
Electricity	Rp		360,000
Medicine and Vitamin	Rp		200,000
<b>Total Operating Expenses</b>		-Rp	10,960,000
<b>Operating Income</b>		Rp	3,010,000
<b>Non-Operating or Other</b>			
Other Revenues		Rp	41,700,000
<b>Net Income</b>		<b>Rp</b>	<b>44,710,000</b>

Lemu Sedoyo Integrated  
Farming  
Income Statement  
January 1 - September 31  
2022

Sheeps Selling		Rp	44,650,000
COGS		Rp	7,280,000
	<b>Gross Profit</b>	Rp	37,370,000
<b>Operating Expenses</b>			
Gasoline	Rp	5,200,000	
Biodiesel	Rp	200,000	
Electricity	Rp	360,000	
Medicine and Vitamin	Rp	200,000	
<b>Total Operating Expenses</b>		<b>-Rp</b>	<b>5,960,000</b>
<b>Operating Income</b>		Rp	31,410,000
<b>Non-Operating or Other</b>			
Other Revenues		Rp	18,500,000
<b>Net Income</b>		<b>Rp</b>	<b>49,910,000</b>

**Attachment D**  
**Images**







