

Czech University of Life Sciences Prague

**Faculty of Economics and Management Department of
Economics**



Bachelor Thesis

Evaluation of small farm business

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Supervisor

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Valeriya Lepetyonok

Business Administration

Thesis title

Evaluation of small farm business

Objectives of thesis

Goals of this thesis are:

- 1) Make a business plan
- 2) Make a decision of growing products(concerning feeding, habitat)
- 3) Allocate the place for a farm
- 4) Marketing planing
- 5) Provide financial analysis
- 6) Evaluate profits
- 7) Evaluate market
- 8) Make a deal with a supermarket

Methodology

Methods used in this thesis are:

- 1) Method of financial analysis
- 2) Make calculations(profits, losses, etc)
- 3) Qualitative and quantitative research.
- 4) Surveys, correlational experiments, field studies, specific statistical measurements, etc.
- 5) Consumers' behavior
- 6) Marketing plan(advertisement)
- 7) Using efficient methods make a forecast of future business with a supermarket

The proposed extent of the thesis

35+

Keywords

animal farm, small farm, business plan, meat, animals, supermarket

Recommended information sources

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NORWOOD, F a Jayson LUSK. 2011. Compassion, by the pound: the economics of farm animal welfare.

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Declaration

I declare that I have worked on my bachelor thesis titled “Evaluation of small farm business” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on 11th March 2016

Valeriya Lepetyonok

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Evaluation of small farm business

Ohodnocení malého farmářství

Souhrn

Tato práce se zabývá zahájením malé podnikové farmě v Kazachstánu. Zemědělství roste každým rokem, a to zejména v Kazachstánu, kde jsou spousta volné pudy. Na začátku práce jsou uvedené informace o úvodu a cíli práce. Dale se tato práce dělí na dvě části. Teoretická část, kde je vysvětleno druh zvířecích farem a jak se s tím vypořádat. Zde jsou obecné informace o trhu a zásobování. Druhá část je analytická část, týkající se zřízení zemědělské podnikání v Kazachstánu. K dispozici je podrobný popis umístění, potřebných materiálů, a z finančního hlediska: výpočty a předpověď zisku.

Klíčová slova: zvířecí farma, malé farmy, podnikatelský plán, maso, zvířata, podnikání, trh.

Summary

This thesis deals with the opening a small farm business in Kazakhstan. Farming is growing every year, especially in Kazakhstan, where is a lot of free place for that. In the begining of the thesis is information about the goal and introduction. Later this thesis is divided into two parts. The first part is represented by a theoretical background, where is everything about the types of animal farms and how to deal with it. There is a general information about economy and subsidies. Second is an analytical part, which is about a setting up a new farm business in Kazakhstan. There is a detailed description of the location, materials needed, and from the financial point of view: calculations, forecast of profit.

Key words: animal farm, small farm, business plan, meat, animals, business, market.

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1. Introduction

Nowadays around the world, also including Kazakhstan, big and small businesses are developing at a rapid pace. Separately need to identify such sector as farming. Since ancient times, our ancestors bred cattle and sheep to provide food for their families. Currently all the livestock, namely cattle ranching - is a promising business.

Livestock - is one of the most important branches of agriculture. Its importance is determined primarily by the fact that it provides for the public-quality nutritious foods: milk, meat, bacon, etc. Besides livestock farming supply raw materials for the processing industry: wool, leather, sheepskin, feathers, bones, horns, etc.

In recent years the ability of farmers in Kazakhstan are truly limitless. Of course, there are still many problems that are common to all the farmers' movement, but there are many areas for farmers for business development.

In this thesis there is a necessary information on breeding housing feeding of cattle, pigs, rabbits and poultry, but there is more information about cattle, first reason is that cattle is the most extensive livestock industry. All cloven-hoofed ruminants home belongs to the family of bovids. Breeding cattle people were engaged from time immemorial. The ancestor of modern animals were wild aurochs, which disappeared in the early XVII century. About 8,000 years ago in India began the domestication of aurochs. Then the cattle livestock appeared in Asia, the Mediterranean and in Central Europe. The second reason is that beef meat and milk are using widely in Kazakhstan. In the practical part there are calculations about how much is needed to open small farm business and when it will start to give a profit.

Also there is an information about the rules of their breeding and care, the symptoms of the most common diseases and their prevention measures.

Some words about the runner of a business. Who is a farmer? This man has set out to conduct commercial agricultural production for profit. He is engaged in business activities, and here is completely unimportant the value of output. This activity can be successful as on a few acres of land and on the area of several thousand hectares. The most simple here – is a subsidiary farming as having a small piece of land, you have the right to preferential tax treatment. About this will be a practical part of this thesis.

2. Thesis Objectives and Methodology

2.1 Objectives

There are main goals of this thesis, which can be done in a real situation while starting a farming business.

First is making a business plan for the farm. Second is to choose what will be growing products (concerning feeding, habitat). Third option is allocating the place for a farm, decide which place will be better for animals and also concerning the weather. Then is going to be an evaluations of market and profits, need to provide financial analysis and marketing planning. There should be calculations and predictions of how quick this business will start to give a profit.

2.2 Methodology

Methods used in this thesis are: first is method of financial analysis, need to make calculations (profits, losses, etc.). Second are qualitative and quantitative research. Third are going to be surveys, correlational experiments, field studies, specific statistical measurements, etc. Also it is useful to understand consumers' behavior, in order to realize what will be good for them. Need to make a marketing plan, make some advertisement for consumers. The last but not least option is using efficient methods make a forecast of future business.

3. Literature review

3.1 General farming

The peasant farm in the scale of business is quite a niche in demand, but at the same time and quite risky. For the final decision should be understand the specifics of this type of business, all the subsequent risks and ways of farming. The activity of farmers lies in the reproduction and breeding of plant or animal products and their subsequent sale (marketing).

Farming is one of the types of business activities in rural areas. Breeding birds, small and large livestock can be practiced not only for his family but also on a larger scale. Of course it is hard work, but the meat and dairy products, eggs are the basis of the diet, so their implementation brings good profit. These products are at all times in demand in the consumer market. With skillful organization, the presence of assistants and competent approach to business farm becomes a source of high income. In addition to his own farm can be given to environmentally friendly technologies, and hence the quality of the resulting products. To create a farm, you must first solve the preparatory and organizational questions- defined with a specific activity, a business plan, finding start-up capital, partners and associates. It is also necessary to examine the legal basis for farming and become familiar with the programs of state support. There are many types of farming. The dilution of each species of domestic animals and birds there are many secrets associated with the peculiarities of their content, selection of breeds and feed, care for their young. In this case, everything matters. It is necessary to take care of prevention, early detection and treatment of disease to the livestock on the farm grow and multiply, as well as fattening cattle to meat products were of the highest quality.

Farmers in the first place for the different agricultural sectors in which they specialize. In total there are two large industries within which emit more than narrow specialization. It crops and livestock. Livestock can be divided into the following types: the actual livestock production (here are beef and dairy cattle), poultry farming, bee-keeping, fish farming, fur farming. By type of crop farming activities include the following: vegetable farming, horticulture, viticulture, grain, mushroom.

Concerning to the farmers, the real farmer holds the entire production process, from the purchase of seed and feed to marketing of finished products. He searches for its own market. It may be a supply of meat and milk processing and selling fresh produce at local markets or selling through stores. All the way they invested funds for the farmer transparent. This is the first advantage to industrial livestock farming. The second advantage is the higher competitiveness of farm products in front of similar import. If a person has the opportunity to buy fresh meat or milk in the local market, knowing which area it is produced, and being sure to cancel as these products, it will be from one year to correct his choice. Local products are more natural and environmentally friendly. The buyer is assured that it will have no extraneous additives. If there is such a choice he does not come to mind to purchase imported product, even if the price will be lower. A third advantage is the personal interest of all farm workers in the qualitative performance of their duties. They work for themselves. It is most often family members or close friends of the owner of the farm. Their income is directly dependent on farm income and that is a guarantee of maximum productivity of all employees.

3.2 Animal husbandry

This is one of the most extensive areas of agricultural activity. Like crops, livestock spread almost everywhere, and in the structure of land meadows and pastures occupy three times more land than arable land. The bulk of the country's livestock products provide the temperate zone.

Contrasts in the development of livestock production in developing and developed countries, even more than in agriculture.

The structure of the livestock industry includes several sub-sectors:

- Cattle (cattle ranching);
- Pigs;
- Sheep;
- Poultry;
- Breeding;

- Reindeer;
- Beekeeping.

Chief among these are: cattle, pigs, sheep and poultry.

In animal husbandry, there are two main areas of dairy and meat. It can also be mixed, meat and dairy. In addition, by-products of livestock may be various raw materials for light industry: leather, fur, wool. Apart in this series is breeding. In Kazakhstan it is focused mainly on the production of meat and milk, while in Russia breeding focused primarily on the breeding of thoroughbred riding horses for equestrian sport.

3.2.1 Pig

Pig- is one of the livestock industries, where workers are engaged in breeding and rearing pigs. Branch is developing around the world, but the most widespread in the Americas, Europe and Asia. Pig farming is highly productive due to the short period of pregnancy of pigs, greater rate of growth, maturity, undemanding to feed and low cost, as well as short periods of receipt of product, relatively high slaughter yield, good taste and nutritious meat.

How to open a pig farm?

Pig farming has traditionally been the leading sector of the domestic livestock. The structure of the market for pork meat accounts for over 30%. The tribal economy of the country today are bred more than 10 breeds of pigs.

To open the mini pig farm will need to purchase a herd of 150-250 animals: 100 sows, 10 boars, and the rest goes to the feeding of a subsequent sale.

Pig farm itself comprises two sections, with separate-range. Windows and doors pig farm should go to the south. Paddock, though located in the open air, should also be equipped by decking planks and fences. All offices and paddock, have to communicate with one another. Advantageously, the pig farm should be located near the enterprises for processing of agricultural products, which will lead to savings in compound feeds.

One of the main problems in pig production is the absence in the market of high-quality forage. Contrary to the opinion that a pig eats everything, it is the pigs need a balanced, for

each breed and age, diet. Moreover, animals need vitamins and feed additives that enhance appetite. On average 150-200 pigs up to 200 tons of grain and 3 millions of feed additives.

For optimal use of Feeding a dry process, which in the world is used in most pig farms. The equipment for dry feeding is cheaper, easier to maintain, and ensures a high hygienic level pigsty.

Also for pig farms need to buy drinking bowls, a variety of equipment for pigs and zoo technical products. You can equip a pig farm and feeding machine, but in the domestic pig feeding is still carried out manually. In the state of the pig farm but laborers must also be a veterinarian and livestock.

Sales of finished products is carried out by the conclusion of agreements, both with processing enterprises and private procurers of meat. You can open and own retail outlets, but it will have to be equipped with refrigerators and build a processing plant.

3.2.2 Sheep breeding

Breeding sheep and goat livestock was the most popular destination since ancient times. Man has tamed these animals thousands of years ago, according to some reports LRA occurred 6-8 thousand years ago. Since then, they faithfully serve the person providing milk, wool, down, skins and meat. Lamb and goat are widely spread in the kitchens of many nations. Lamb cooked a variety of dishes, goat meat is almost not inferior in taste to it, a goat's milk has healing properties. It is advantageous to plant household sheep or goats for wool and fur, milk and meat. Sheep provide valuable and warm wool and goats give people useful and extraordinarily valuable fluff. Made of sheepskin coats and coats have long been in demand by people of all ages. Also, if necessary, sheep raised for meat and goats for milk. Today, sheep and goats undergoing regular flowering. Many villagers have been actively engaged in cultivation of these, because it is one of the most profitable activities and has many advantages and is inexpensive.

3.2.3 Poultry

Poultry farming - farming popular sphere. It is a branch of agriculture, engaged in the production of eggs and poultry related products are feathers and down used in light industry, as well as bird droppings, which is an excellent organic fertilizer. Poultry farms

may specialize in breeding hens and broiler chickens, laying hens, ducks, geese, turkeys and quail. In recent years Kazakhstan began to appear as ostrich farm this area still looks a bit exotic, but is quite promising. Traditionally poultry in Kazakhstan prefer breeding chickens. There are a couple of reasons. First chicken meat and eggs are among the most consumed foods. This everyday products, unlike other poultry meat and eggs, and quail. The meat of turkey, duck, goose, quail are mainly sales in the restaurant sector, while eggs and meat are easy to implement through any chain of stores or in the market. Secondly, the chickens are quite undemanding regarding the conditions of detention and feed for their breeding ponds is not required, for ducks, and pasture, for geese. The third reason is the high productivity of the chickens as their egg production and the quantity and quality of meat produced. Thus, we can say that the breeding of chickens is one of the most favorable areas of activity for beginning farmers. The invested capital will be repaid quickly. Profitability of broiler chickens is 45-60%, and hens of 45-50%. This is a very high figure for the farm. By themselves, the costs of building the house, the purchase of feed and chickens also significantly lower than the cost of establishing cattle farm. With a small start-up capital is more profitable to choose a novice farmer poultry, namely breeding chickens. And then, with an increase in profits and the formation of a market of their products, to expand the business.

Livestock sphere profitable, but it also requires the greatest initial costs. In particular this applies to cattle. There should not expect a rapid return on invested capital, Peculiarities in the case of meat direction. On implementation, you can use the meat of calves at the age of 14-18 months, and the meat of cows at the age of 2-2.5 years. This means that the first profit from the beef should be expected no earlier than in 1-1,5 years. Dairy will profit earlier, faster, but the cost of milk is significantly less than the cost of the meat, so the investment will pay off not much earlier. Costs will also be significant. In addition to the purchase of young animals will need to be equipped with barn and slaughterhouse. Without these farm buildings simply do not register. It will take as feed costs during the winter. In the summer, the cows can contain free stall way, this is the most cost-effective. Animals are free to graze. In addition to saving on the purchase of fodder, free grazing improves milk yield and milk quality. But for this it is necessary to plant pasture fodder plants.

3.2.4 Cattle

General information about cattle

Cattle breeding (both meat and dairy) is currently one of the most sought-after areas of farming activities in Kazakhstan. In this respect, it is comparable only with the poultry husbandry and horticulture. Production of meat and milk gives a guaranteed profit, because the products are always in great demand. However, despite the great need of the population in these products is large investors are reluctant to invest in the development of this industry. This is for various reasons. Among them are poor people's interest to work in the industry.

Gradually, the livestock sector is beginning to attract more and more domestic and foreign investors. Although many of the problems it is still relevant and need to be addressed. It must also be considered at the start of the business sector. For example, experts note the insufficient development of the machine-technological animal park, a low level of mechanization and automation, as well as a high level of depreciation of fixed assets, all in the sum leads to high costs.

In the segment of beef production has the greatest weight beef, which is now being prepared for the most part at the expense of livestock and dairy breeds combined. A minor part consists of specialized beef breeds. Unlike dairy and combined, beef breeds have well-developed muscles and are wide body type. These include the following breeds: Shorthorn, Hereford, Aberdeen Angus, Kalmyk, Kazakh Whitehead, Charolais and others. Live weight meat breed cows on average 550-600 kg and steers - 900 kg. In good conditions, and feeding young beef breeds characterized by intensive growth. At age one, he has a live weight of 350-400 kg. Each breed has its own slaughter yield (on average 50-55%).

Meat of bovine animals, which includes beef and veal, has excellent flavor and nutritional qualities, so it is in great demand among consumers. Beef and veal are significantly different in composition from lamb and pork. Beef has an optimal ratio of protein and fat. It contains less cholesterol and more useful amino acids, fatty acids and minerals. Therefore, beef has a higher nutritional value as compared with other types of meat. Its digestibility is about 95%.

Meat quality not only depends on the age and breed of the animal, but also on the gender. For example, it is known that uncastrated bulls with abundant feeding other animals grow faster and in 15-18 months at a live weight of heifers exceed 15-20%, and 10-12% - castrated steers. All this must be taken into account in the preparation of a livestock animal husbandry.

Meat productivity of cattle - it is one of the most important features, which need to be guided. It is estimated by live weight, precocity and feed consumption per 1 kg of gain. In turn, as the precocity indicators appear absolute and relative weight gain. After slaughter meat productivity is assessed by carcass weight, fatness, morphological composition of carcasses, slaughter yield, chemical composition of meat and its taste.

The main phases of beef production

Beef production in Kazakhstan is divided into four main phases. The first, called "milk", lasts from birth until the age of six animals. During the first six months, the animals receive feed milk and gradually accustomed to eating coarse, concentrated and juicy fodder. Calves groups contained in individual cells. The second period, which is called "after milk" lasts from 4-6 months to 7-12 months. At this time, the animals are at the stage of rapid growth and are actively building up muscle tissue. The third stage is called "rearing" and lasts from 12 to 15 months. During this period, continued growth of skeleton and muscle without fat deposition. Pets are preparing for the "intensive fattening", which is the fourth stage of the production and continuing with the 15 to 18 months. It is at this stage, there is an accumulation of fat, get high weight gain, and the animals are brought to high body weight. The most intense muscle gains in cattle observed from 4-6 to 15-18 months. At 16-18 months, with sufficient feeding calves live weight reaches 450-500 kg.

Also there are two basic ways to cattle - tethered and loose. In the latter case, the animals are kept on deep litter, indoors, in boxes with solid or latticed floor (the best option loose housing), in the open air with awnings, on machines or in cells. When the content of the animals on a leash, they are placed in individual stalls with auto-drinking machines and trough. This method is the most modernized: manure cleaning is not by hand, but with the help of scraper conveyors, and distribution of feed takes place with the participation of mobile backhaul.

3.3 Animals' Diseases

3.3.1 Prevention, treatment of diseases.

It is necessary to properly care for the animals, to grow healthy offspring. Diseases reduce the livestock herd and increase its content through the purchase of medicines, so it is necessary to take preventive measures. Most of them are held in the spring. Each spring should be taken from the blood of animals for research for diseases such as tuberculosis, leukemia, letocpiroz, anthrax and others. At the same time of the year should definitely be vaccinated at the farm should be a first aid kit with essential medicines. The dose for an animal is calculated as follows: 1 g per 1 kg of body weight of an adult animal. The most dangerous for animals and humans are diseases such as anthrax, tuberculosis, leukemia and brucellosis.

3.3.2 Diseases and symptoms

- Brucellosis is caused by brucella, and the first sign of disease in the animal is considered an abortion output delay what must immediately inform the veterinary. This disease is not treated, the affected animals were sacrificed. Humans can be infected by the animal in the care of them in the use of contaminated products (milk, meat).
- Anthrax - an acute infectious disease of animals, which people can become infected. Incidence increases in grazing period. The disease is characterized by various symptoms: a sharp rise in temperature, digestive disorders, have seen the bitter taste of milk and red tint appear swelling all over the body. The latent period lasts about 1-3 days, the disease occurs rapidly within 12-42 hours. Sometimes for an hour animal carcasses destroyed in a special place.
- Leukemia is recorded in blood, milk, semen, amniotic fluid, and is transmitted by various veterinary manipulations associated with blood in violation antiseptics principles. In addition, transmitted from one animal to another by the bite of blood-sucking insects on the pasture. The first stage of the disease goes without apparent symptoms appear in the second stage hematologic changes in the peripheral vascular system. It is necessary to boil the milk. Sick animals should be isolated.

This disease can not be cured. For the prevention of leukemia must be 2 times a year to donate blood for laboratory animal research.

3.4 Subsidies

Subsidy - payments to consumers is provided by the state or local budgets, as well as the payment of special funds for legal entities and individuals, local authorities and other states.

In Kazakhstan, the subsidies can get physical, legal person, regardless of ownership, including the peasant / farm engaged in the production and / or processing of agricultural products, as well as natural or legal person providing services on procurement, storage, transportation and marketing of agricultural products.

By subsidizing Kazakhstan allowed loans and leases, the nominal interest rate of not more than 14% per annum in tenge¹ and no more than 10% per annum in foreign currency.

It may be a contract for the leasing of agricultural machinery and technological equipment, as well as the credit agreement to finance working capital, purchase of fixed assets and construction.

The first considered the application for subsidizing loans taken for business development in the field of beef and dairy cattle, sheep, horticulture and agro-processing as well as applications for subsidies for the purchase of equipment leasing and technology to these areas. These are priority areas of agricultural production, so the applications on them are considered paramount. In general, the lower the cost of loans taken for all areas of agricultural production.

For loans for working capital and acquisition of fixed assets, construction and leasing for the purchase of manufacturing equipment and agricultural machinery in Kazakhstan, the interest rate is reduced by 7% per annum, if the loan in tenge, and 5% per annum, if the loan is taken in foreign currency .

¹ 1 CZK=14 tenge(KZT)

Leasing and loans for purchase of agricultural machinery and equipment for the livestock industry and feed the interest rate is reduced by 10% per annum, if the loan in tenge and 7% per annum, if the loan is denominated in foreign currencies.

All borrowers who wish to participate in the program may apply to the second-tier banks and leasing companies, which received loans.

26 items of machinery and equipment, which can be cheaper: forage harvesters, self-propelled machines; rakes, agitators, scraper, swather, rake; self-propelled and towed header; stacker, universal hinge combined with replaceable working bodies; mixers, feeders, crushers, mixers and grinders; loaders and trucks to transport the bales and rolls, cutter rolls and Bale; milking machines; Stalled equipment and systems for the manure of cattle farms; Auto drinking, individual drinkers and water carriers; animal feed plants and mini-factories; milk coolers and cooling tanks; milk analyzers; settings for acceptance of milk; pasteurizers; separators; bleeders; installation of automatic standardizations fat; special vehicles for the transport of animals; milk floats; machine-fixers for veterinary treatments; Pick-up balers, stacker; harrows with applicators for seeding; Mower (self-propelled, mounted, rotary, disk, trailer, semi-mounted, conditioners, the mower-shredder); Equipment for grazing and farm animals, as well as cutting-edge technologies used in livestock production (Electro fences, alternative energy sources, radio communication system and video surveillance, navigation systems GPS).

Example subsidies in Kazakhstan: April 16, 2014 you took a loan for seven years for the purchase of tractors "Belorus 82.1" worth 3 000 000 tenge. The interest rate on the loan - 12%. Your initial payment of 10% of the cost of the tractor, which is 300 000 tenge.

To April 16, 2021 (the end of the end of the loan period), you have to pay the financial institution 4,380,600 tenge, of which 3 000 000 tenge loan amount (principal) 1,380,600 tenge - the amount of remuneration for the use of credit (12% per annum). As far as you remember, according to the terms of the program is subsidized by the interest rate paid by your financial institution. In your case, the state will take over 7% from 12% a year, you must pay the bank, this is - 805 350 tenge. The remaining part of the 12% per annum, that is 5%, you pay yourself is - 575 250 tenge. Thus, taking into account the subsidy you pay financial institution instead of 4,380,600 tenge 3,575,250 tenge.

3.5 Economy

Kazakhstan – is a country with a large agricultural traditions that originate from ancient times. As is well known to historians today, nomadic peoples were just agriculture. Certainly, it has its own characteristics, but is continuously developed throughout history. During Soviet times the republic was one of the main suppliers of raw materials to the domestic market. After the collapse of the Union of the new leadership of the republic was able to build a strong agriculture-based foundation pledged earlier.

Agriculture of Kazakhstan, like other industries, is actively developing. A large area of the country causes enormous potential of agro-industrial sector. Today, Kazakhstan employs 21,190 thousand hectares of arable land and ranked sixth in the world on this indicator. The country has a very high rate of agricultural production per capita. A wheat production republic second only to Canada.

The third largest producer of agricultural products, Kazakhstan is committed to the dynamic development of this segment of the economy in the market environment. In many countries of the former Soviet Union agriculture it was on the sidelines of the reforms, but Kazakhstan has allocated considerable resources to its development. To achieve good results, it was not easy. The natural conditions result in low yield, and Kazakh farmers have to literally pull from nature every spike. But as a result of their hard work every citizen of Kazakhstan may buy in markets and stores fruits and vegetables grown in their native land.

Agriculture of Kazakhstan has about 40 thousand enterprises, more than 80% of them - are small farms. Hand in hand with them, there are large agricultural holdings, annually producing huge volumes of products.

When large-scale production of the investor himself can not predict with accuracy possible profit. Too many extraneous factors beyond its control, stands between investment and sales. Therefore, capital investment related to him with great risk.

Livestock has traditionally been considered one of the traditional areas in the development of the industry. In Kazakhstan bred mainly dairy and dairy breeds. Specialized Breed possible to obtain meat that meets all international standards. With the development of

farms is expected to increase in serious livestock. Meat dishes are an important part of Kazakhstan's national cuisine and traditional dishes from domestic meat doubly delicious. And, importantly, cheaper.

Kazakh farmers and holdings breed cattle, sheep, goats, pigs, horses and even camels. The country has more than 80 factories and farms for breeding cattle. It became home to Kazakhstan white-headed breed of cattle, are commonplace. Today, this breed is 67% of the total number of meat breeds in the CIS.

In egg production state annually allocates about 1 bln. tenge. In the near future it is expected to expand the number of factories that will fully meet the needs of Kazakhstan in poultry meat and poultry farmers to increase local presence in foreign markets.

4. Analytical part

4.1 Summary of analytical part

The concept of the project is based on the creation of a cattle farm for the breeding of cattle for meat in the Almaty region of Kazakhstan.

The goal of the company is making a profit.

The target group of the planned venture will be the consumers - meat processing plants, the population of the nearest region and surrounding countryside areas.

Product benefits are:

- The usage of high-tech and modern equipment;
- high quality of the meat;
- low prices.

The company hasn't its own pastures. That's why it is planned to lease 2,000 hectares of pastures.

Total area of the barn is 764.4 square meters.

The payback period of the project is four years and 120 days or taking into account a year of investment (2016) the payback period is equal 5,33 years.

The discount payback period of the project is five years and 318 days or taking into account a year of investment (2016) the discount payback period is equal 6,87 years.

NPV is 5,6 thousand dollars,

As the net discounted income is positive, the project is economically expedient.

PI is 0,023 (2.3 %).

4.2 General prerequisites of the project

Specialized cattle breeding started in the 30s of the previous century as a separate branch of animal husbandry in Kazakhstan. Kazakh white breed race was created and tested in 1950 by absorbing and reproductive crossbreeding of Kazakh and Kalmyk cattle with Hereford.

Animals of this first Soviet strains of cattle combines excellent meat quality and early ripeness, inherited from Hereford, and typical for the local cattle adaptive and maternal characteristics. This allowed the strains of cattle be breed successfully in all regions of the country with the extensive natural pastures.

Almost 1 million. 144 thousand head of Kazakh white breed race were in Kazakhstan before the transition to a market economy in the country.

Currently, the number of head of the Kazakh white breed is in the range of 650-700 thousand. A new type of beef cattle were created in Russia by usage of the gene pool of the Kazakh white-headed breed, and in Mongolia - selentinskaya breed.

Four types of hornless cattle:

-“Shagatay” and “Ankata” in the west,

-“Kalbatau” in the north-east

-and “Alabota” in the north of the country

were tested in inbreed factory in 1997.

Another domestic breed of beef cattle - auliekolskaya, bred by complex reproductive crossing was approved in 1992. The three beef breeds - Kazakh white, Charolais and Aberdeen Angus were the basis for the creation of the breed. The breed “Auliekolskaya” is widespread in Kostanai, North Kazakhstan, Almaty, Karaganda and Akmola regions.

In addition to these, there are small numbers of herds of Kalmyk breed - in the semi-arid region of South Kazakhstan region: Santa Gertrudis local selection (zonal type of “Zhetysu”) - in the Balkhash and Galloway - in the mountainous district of Almaty region, Hereford - West Kazakhstan, Akmola and Almaty regions.

Priority races for the Almaty region are Alatau, Kazakh Whitehead, Santa Gertrude Auliekolskaya, Hereford and Galloway.

The breeders have created a zonal type of beef cattle "Zhetysu" rock of Santa Gertrude to the south-east of the country on the basis of the area of domestic breeding farms.

It carried out some work to improve the organization of artificial insemination of dairy cattle and milk-meat production. Over the 2015 year artificial insemination covered 67.6 percent of total breeding stock.

4.3 Problems of cultivation of cattle

Kazakhstan possesses the following problems in the sphere of cultivation of cattle:

1. Small commodity production

It is known that more than 80% of cattle belong to private farmsteads and households which in turn aren't always capable to provide cattle necessary conditions. The majority of them

has no opportunities to equip the farms by corresponding technical equipment that significantly influences quality of the production at all.

In this case the state has no opportunity fully control, from here and that's why there is small commodity production in Kazakhstan.

Now especially the breeding direction in animal husbandry suffers. As private traders aren't able to promote intensive development breeding animal husbandry, the state made the decision on creation of a certain institute which will be engaged in regulation of a role of the state in development.

2. Poor cattle efficiency

Poor cattle efficiency is one more quite actual problem today. It's difficult to realize process according to the contents and the more so, to cultivation in the situation of such scales of a small commodity production. In general in Kazakhstan there are less than 5% of thoroughbred cattle, and even within programs, a lot of time for a raising of this level will be required for account of import. Now with almost full volume of not purebred cattle it is impossible to count on qualitative production, not to mention maintenance competitive position.

Main reasons for weak efficiency of animal husbandry of Kazakhstan are a low share of a breeding livestock (for example, cattle of the meat direction – not more than 2,5%), deficiency of qualitative forages, inappropriate conditions of keeping.

For example, in Kazakhstan there is a good meat breed – Kazakh white-headed. But even this “national” breed regresses – only about 76 thousand heads, and it thus now are registered the fact that genetic potential continues to fall.

Because most part of livestock is concentrated in farms of the population, such characteristics as the low genetic potential of animals and connected with it low efficiency, lack of use of modern technologies of the contents, feeding and other technologies providing efficiency and quality of production insufficient care of health of animals are inherent in branches of animal husbandry.

Besides potential natural pastures in connection with inaccessibility of sources of water to a watering place of animals isn't used.

3. Pastures

The problem with pastures is equivalent to a problem with food supply. Majority of the existing pastures simply don't assume existence of reservoirs in view of the sites that significantly reduces possibility of the maintenance of cattle.

Today the average areas of pastures make 4700 hectares per one agricultural enterprise, 176 hectares per one farm. The size of pastures actually has to be at least twice more, it is also at least equipped with special wells.

On statistical data, in Kazakhstan pastures occupy more than 182,2 million hectares that makes 70% of all agricultural grounds. However only about 30% are used for a cattle pasture, other sites are absolutely dehydrated. Moreover, part of these pastures are seasonal that the cattle doesn't allow in unseemly conditions of a mouth.

Actual problem is also not only dry soil of pastures, but also their general state.

4.4 Weak veterinary base

In Kazakhstan the veterinary science is not the priority direction in the professional sphere. Actually in the country there aren't enough highly skilled workers only a half from which is involved in rural animal husbandry.

Therefore a small amount of money is allocated for this direction. The state allocates money for fight with especially infectious diseases, diagnostics and on a small range of other services while local authorities are compelled to allocate from the local budgets the small sums even on usual checks.

Low level of qualified specialists only stimulates growth epizootic and epidemiological situation in the country. Diagnostic testings still aren't capable to prevent in time or obviously to report about any diseases. It brakes not only local production, but also opportunity in due time to export meat and dairy products.

But, despite of all available difficulties, the livestock branch of Kazakhstan has huge prospects of development for deliveries of production as within the country, and to Russia. Especially it is promoted by sanctions policy of Russia and Europe.

4.5 General analysis of the market and concept of the marketing

Kazakhstan has 81 breeding factory and breeding beef cattle farms, including 25 breeding farms in the regions, 3 of them are plant breeding.

Almost 72 thousand pedigree animals including 30 thousand cows are focused in these farms and plant. This amount meets the needs of enterprises - producers in obtaining necessary for the reproduction of bulls contingent.

However, demand for breeding stock is still not satisfied, because the work of many breeding farms is aimed at increasing the number of livestock in their own herds, and they do not have additional amounts of cows in sufficient quantities. In this connection it is necessary to further expand the breeding base.

Animal husbandry occupies the leading place in the agricultural sector of Almaty region. Compared to 2009, livestock production has increased by 10.4%, while the share in the total volume of gross agricultural output reached 53.5%.

A fundamental factor in achieving these indicators is to build a solid food base. As a result, the area of forage crops has reached 214.8 thousand hectares, accounting for 23.7% of the total cultivated area.

13 quintals of feed units are harvested calculating to the per conditional head.

Pricing cattle influenced by the following main factors: the cyclical, seasonal produce and meat consumption, weather conditions, illness, consumption of substitute products, household income, energy prices, government regulation.

In general, livestock and poultry are cultivated by 4590 agricultural enterprises, including 177 medium and large-scale production. They produce 43% of meat products, and the rest comes from private households of the population. Now 59 breeding farms breed cattle are including 35 farms breed cattle for meat. The main competitors of the company are breeding cattle farms.

Table 1 – Main competitors of the new company

№	Name		Race	Price per kg, USD
	Farm	region		
Plants				
1	Mezgdurechensk-Agro	Iliyskiy	Alatauskaya	3,7
2	Plemzavod-Almaty	Talgarskiy	Alatauskaya	3,6-3,9
3	Alatau-Deiry	Kerbulakskiy	Alatauskaya	3,7
4	"Dinara-Ranch"	Balhashskiy	Hereford	3,6-3,9
Plants				
1	Aidarbaev	Enbekshikazahskiy	Shvitskaya	3,7
2	ADAL	Enbekshikazahskiy	Alatauskaya	3,6-3,9
3	Tauelsizdik	Eskeldinskiy	Alatauskaya	3,7
4	Hilnichenko&K	Eskeldinskiy	Alatauskaya	3,6-3,9
5	Beno	Karatalskiy	Alatauskaya	3,6-3,8
6	Ushtobe-Aidyn	Karatalskiy	Alatauskaya	3,7
7	Arai	Karatalskiy	Alatauskaya	3,6-3,8
8	Mamed	Karatalskiy	Alatauskaya	3,6-3,8

The Almaty region is carried out some work to improve the organization of artificial insemination of dairy cattle and milk-meat production. Over the past year artificial insemination covered 67.6 percent of total breeding stock.

As a result, the proportion of breeding cattle in the whole region reached 12.9% (in the country of 5.6 %).

However, despite the measures taken, due to lack of own raw meat processing plants are loaded only by 40-50 percent.

It is necessary to position the new company as one of the most high-tech and modern cattle-breeding complexes, offering high quality products in Kazakhstan.

In the initial period of 1-2 months before the start of production is necessary to wage a strong PR campaign with the placement in the national press articles about the beginning of the livestock production and promotion of domestic producers.

It's necessary to identify the benefits and costs for the first wholesalers and post PR article about it in regional and national newspapers.

Formation of the demand and sales promotion should be planned based on the following points:

- Advantageous location of the livestock sector;
- The relatively low price level compared to the other;
- Qualified personnel;
- Modern equipment;
- Implementation of programs to stimulate demand.

Developing communication policy we should pursue a strategy to increase awareness of the company. As part of this strategy, we must perform the following tactical events:

1. Collection of information for the analysis of communications;
2. Placement of advertising and information material about the project;
3. Create own website where consumers could get complete information about the company, its location, design and price.

4.6 Organization and legal plan

The peasant farm "Siir farm" is needed to be created for activities.

So it's necessary to look through the layout of the state registration of an entrepreneur Kazakhstan.

The peasant farm is created on a voluntary basis and is considered created after the registration as an individual entrepreneur.

The peasant farm production unit is equitable agriculture in Kazakhstan.

The peasant farm independently determines the direction of its activities , the structure and volume of production, grows, processes, and sells its products as well as resolve other issues related to farming.

The conditions and the order of use of land for conducting a country or farm established by the Land Code of the Republic of Kazakhstan.

The peasant or farm covers its costs through earned income.

The production, commercial and other relationships of peasant farming are carried out on a contractual basis.

Registration of farms is voluntary and consists of registration as an individual entrepreneur in the tax authority at the place of issuance of the Certificate of ownership of land, the right of permanent land use or lease on a time-use.

For state registration as an individual entrepreneur head of the peasant farm provides to the tax authority:

- 1) Application for registration;
- 2) Act of the ownership of land, the right of permanent land use or Lease on a time-use;
- 3) Head of the farm Photo 3 x 4 cm.

Fee for state registration of individual entrepreneurs as the peasant farm is charged according to Articles 457 of the Tax Code of the Republic of Kazakhstan.

Peasant farmers have the right or choose a special tax regime or the generally established procedure.

According to the Tax Code of Kazakhstan planned company can choose the simplified taxation regime.

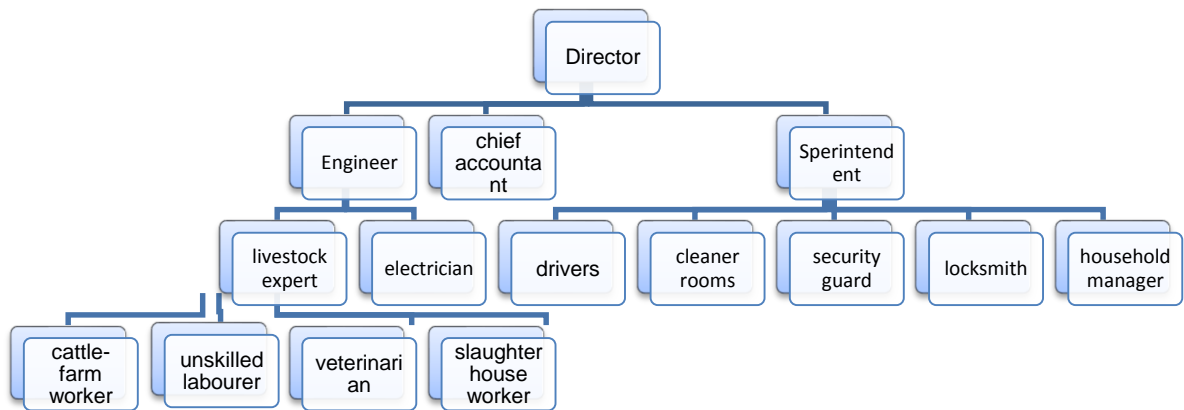
Calculation of the single land tax on pastures is made by applying the rate of 0.2% to the total assessed value of land.

Further consideration should be given organizational structure of "Siir farm".

The director will preside at "Siir farm".

Superintendent oversees the work of the drivers, cleaner rooms, a security guard, a locksmith and household manager. Engineer oversees the work of the livestock expert and electrician.

The organizational structure is as follows, shown below (Graph 1).



Graph 1 - "Siir farm" organizational structure

The structure of personnel management can be attributed to linear. It allows the director to efficiently manage the business and to be informed.

4.7 Production and operation

Table 2 shows planned production plan.

Table 2 - Planned production plan

Indicator (annual)	2016	2017	2018	2019	2020	2021	2022
The average number of cows (adult stage), head	52	52	50	51	55	58	57
The average number of young growth, head	45	56	60	63	68	73	74
Meat production, t	0	7	13	9	11	13	14
Mass of 1 live weight cow, kg	570						
Mass of 1 carcass weight cow, kg	333						
Selling live weight cows, head	0	0	10	12	1	7	14

Sales program will be implemented through contracts, marketing research as well as through advertising campaigns.

Table 3 – Planned sales program, thousand USD

income item	starting date	2017	2018	2019	2020	2021	2022
Meat sale	c 01.17	27,3	47,5	55,977	67,6	73,9	79,3
Sale of live weight cow	c 01.18	0	23,5	27,14	27,5	30,7	33,5
Butchering service	c 01.17	29,2	29,2	29,2	29,2	29,2	29,2
Total		56,5	100,2	112,317	124,3	133,8	142

The consumers feature was considered when forming the price - average incomes. Pricing is based on market prices.

Price per 1 kg is 3.65 USD without VAT.

When calculating the sales program inflation was not taken into account because related to inflation price increases in proportion to the increase in prices will affect the sales of the enterprise.

The acquisition of building insulation system “SPIDER is planned for the barn. Total area - 764.4 square meters.

Calculation of the area barn is shown in table 4.

Table 4 - Calculation of the area barn

Max head of cattle, head	132
Including adult stage head of cattle, head	58
Young growth, head	74
Area rate for 1 head (adult stage), m ²	7,0
Area rate for 1 head (young growth), m ²	3,5
Premise for milking unit, m ²	40
Milk storage premise, m ²	30
Premise for fodder, m ²	30
Cowshed area, m ²	764

The list of necessary equipment for the farm is shown in table 5.

Table 5 - The list of necessary equipment for the farm

№	Description of the equipment	Unit
1	Refrigerating plant based on Copeland compressor	1
2	Equipment for slaughterhouse	1
3	Equipment for cowsed	1

The total cost of the equipment will be 32.4 thousand dollars.

It is also planned to purchase equipment - MTZ worth 41.4 thousand dollars as well as the total cost of refrigerators Gazelle 20,18 thousand dollars.

4.8 Calendar implementation of the project

It is expected that the implementation of this project will take the period from March 2016 to December 2022 (see table 6).

Table 6 – Calendar implementation of the project

Step\Month	2016		2017-2022		
	3-8	9-12			
Marketing investigation and feasibility analysis development					
Funding					
Drawing up					
Hangar building					
Advance payment for equipment					
Personnel employment					
Equipment delivery and installation					
Promotion					
Pasture leasing and cattle acquisition					
Meat production					

Table 7 - The main risks of the project

Risks	Value, %
External risks	5
Inflationary risk	2
Percentage risk	1
Tax risk	1
Geopolitical risk	1
Internal risks	7
Estimation risk	2
Personnel risk	2
Operating risk	3
<u>total</u>	12

The risks will be insured at the expense of company profits.

4.9 Financial plan and investments

Table 8 – Investment in 2016

Item	Value, thousand USD	2016		
		March	July	September
Heat insulated building based on “Spaider-V” system	40	16	24	-
Refrigerating plant based on Copeland compressor	3,13	-	1,25	1,88
Equipment for slaughterhouse	21,12	-	8,45	12,67
Equipment for cowsed	7,14	-	2,86	4,28
MTZ	39,77			39,77
Refrigerator Gazelle 7065	20,18			20,18
Cattle, 52 heads	105,14			105,14
Total	236,54	16,02	36,59	183,93

Estimation of investment costs for fixed assets are presented in table 8.

Investment expenditures on fixed assets are financed at a rate of 208,5 thousand dollars by borrowed funds , 28 thousand dollars - At the expense of tour own. Working capital is financed from own funds.

Price for delivery of the equipment is included in the price of the equipment.

LC “Ruukki Rus” (Russian Federation) is supplier insulated building, Company «GEC» (Russian Federation) is supplier of the refrigeration unit.

Operating expenses consist of variable costs and shown in table 9.

Table 9 - Variable costs without Vat

Variable costs	Unit of measurement	Price USD	Standard (ton per year)	2017	2018	2019	2020	2021	2022
Mature animals	head			52	52	50	51	55	58
Hay	USD	20	1,4	1394	1394	1337	1363	1474	1549
Straw	USD	10	0,7	351	351	337	343	371	391
Grain crop	USD	41	0,7	1554	1554	1491	1520	1643	1726
Root	USD	46	0,4	917	917	880	894	969	1017
Vitamins	USD	315	0,03	426	426	409	417	451	474
Total	USD			4646	4646	4457	4537	4909	5154
Young animals	head			45	56	60	63	68	73
Hay	USD	20	0,7	603	754	806	840	914	983
Straw	USD	10	0,3	151	191	203	211	231	249
Grain crop	USD	41	0,4	671	840	897	937	1020	1094
Root	USD	46	0,2	397	497	529	551	600	646
Vitamins	USD	315	0	186	231	246	257	280	300
Total	USD			2009	2511	2680	2797	3046	3271
Total				6654	7157	7137	7334	7954	8426

General and administrative costs of the company are shown in table 10.

Table 10 - General and administrative costs of the company

Costs	2017	2018	2019	2020	2021	2022
Wages fund	19,2	19,2	19,2	19,2	19,2	19,2
Veterinary drugs	0,69	0,75	0,82	0,93	0,99	1,1
Communication service	0,14	0,14	0,14	0,14	0,14	0,14
Office supplies	0,17	0,17	0,17	0,17	0,17	0,17
Fuels and lubricants	3,94	3,94	3,94	3,94	3,94	3,94
Assets maintenance	0,17	0,17	0,17	0,17	0,17	0,17
Advertising	0,24	0,24	0,24	0,24	0,24	0,24
Bank service	0,17	0,17	0,17	0,17	0,17	0,17
Money contingencies	0,17	0,17	0,17	0,17	0,17	0,17
Total	24,89	24,96	25,03	25,13	25,2	25,3

Wages fund is the main part of the General and administrative costs.

Table 11 - Wages fund per year, thousand USD

№	Position	Quantity	Rate of salary	Total	Wages fund
Administrative and management personnel					
1	Director	1	3,43	3,43	3,63
2	Chief accountant	1	1,37	1,37	1,44
3	Sperintendent	1	2,06	2,06	2,19
4	Engineer	1	1,71	1,71	1,82
	Total	4	8,57	8,57	9,09
Production personnel					
1	livestock expert	1	1,54	1,54	1,65
2	cattle-farm worker	5	1,3	6,51	6,93
3	unskilled labourer	1	1,03	1,03	1,1
4	Slaughterhouse worker	2	1,3	2,61	2,78
5	veterinarian	1	1,37	1,37	1,44
	Total	10	6,55	13,06	13,89
Service personnel					
1	Driver	3	1,54	4,63	4,9
2	Room cleaner	1	0,86	0,86	0,93
	Total	4	2,4	5,49	5,83
Support personnel					
1	guard	3	0,69	2,06	2,19
2	locksmith	0,5	1,03	0,51	0,55
3	electrician	0,5	1,2	0,6	0,63
4	household manager	1	0,86	0,86	0,93
	Total	5	3,77	4,03	4,3
	Total	23	21,29	31,15	33,1

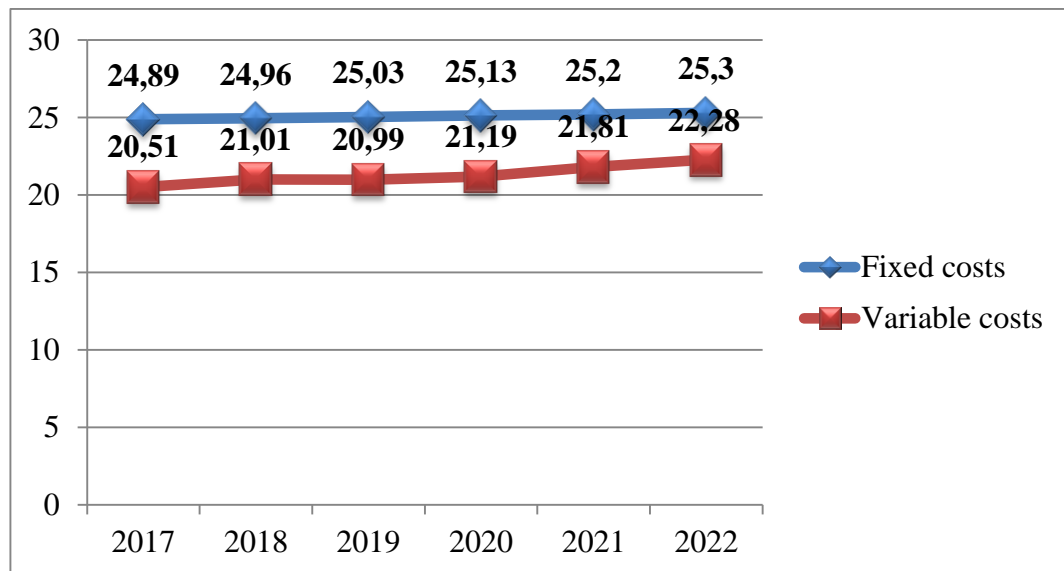
Salary costs are 2,75 thousand dollars per month. Wages of production workers are included in the variable costs (1,15 thousand dollars), wages of other categories of workers are included in general and administrative expenses.

It's necessary to combine all costs in common table (table 12).

Table 12 – Current costs of the project, thousand USD

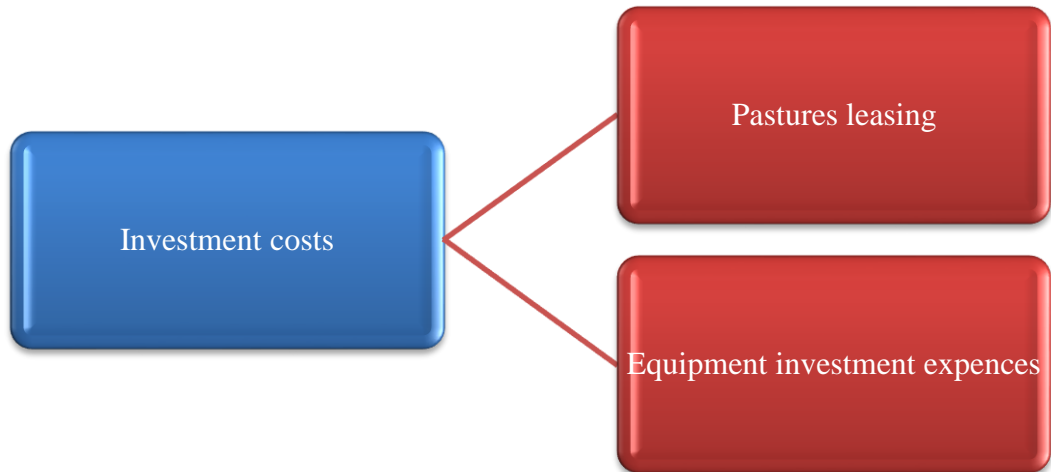
Item	2017	2018	2019	2020	2021	2022
Fixed costs	24,89	24,96	25,03	25,13	25,2	25,3
Variable costs	20,51	21,01	20,99	21,19	21,81	22,28
Total	45,4	45,97	46,02	46,32	47,01	47,58

Current costs of the project are shown also in graph 2.



Graph 2 - Current costs of the project, thousand USD

The structure of investment expenses is presented in graph 3.



Graph 3 - The structure of investment expenses

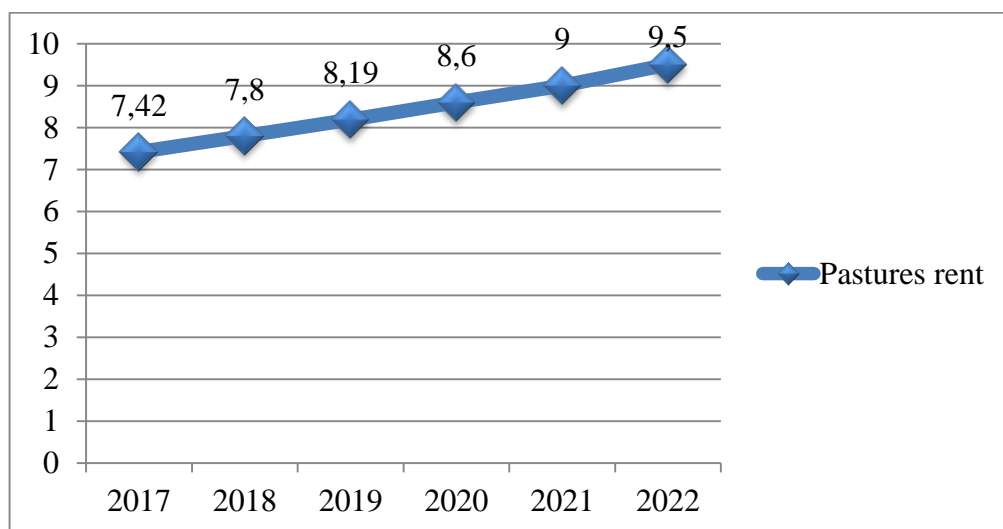
For implementation of the project it is necessary to lease 2000 hectares of pastures at the rate of 3,7 dollars per hectare.

We will plan to increase a rate during the period of implementation of the project for 3% a year.

Dynamics of costs of pastures rent is presented in table 13 and in graph 4.

Table 13 – Dynamics of costs of pastures rent, thousand dollars

Item	2017	2018	2019	2020	2021	2022
Pastures rent	7,42	7,8	8,19	8,6	9	9,5



Graph 4 - Dynamics of costs of pastures rent, thousand dollars

It's necessary to combine all investment expenses in common table 14.

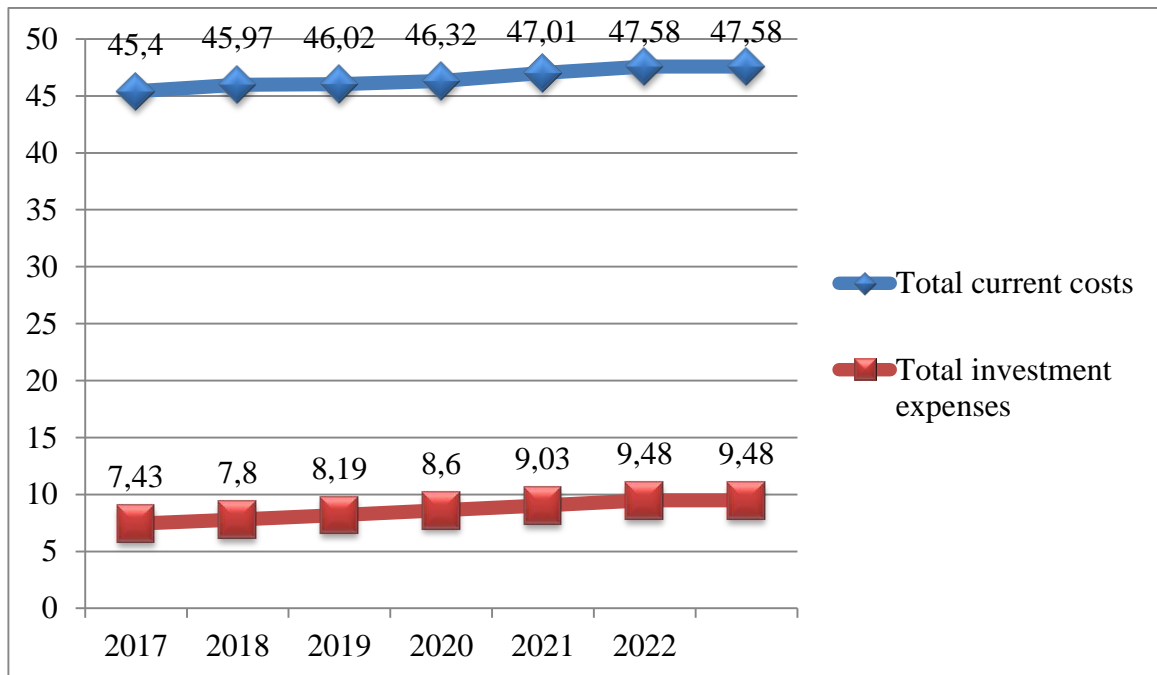
Table 14 – Total investment expenses, thousand dollars

Item	2016	2017	2018	2019	2020	2021	2022
Pastures rent	0	7,42	7,8	8,19	8,6	9	9,5
Equipment investment expenses	236,5	0	0	0	0	0	0
Total	236,5	7,42	7,8	8,19	8,6	9	9,5

Total expenses are shown in table 15 and graph 5.

Table 15 – Total expenses, thousand dollars

Item	2016	2017	2018	2019	2020	2021	2022
Total current costs	0	45,4	45,97	46,02	46,32	47,01	47,58
Total investment expenses	236,54	7,43	7,8	8,19	8,6	9,03	9,48
Total expenses	236,54	52,83	53,77	54,21	54,92	56,04	57,06



Graph 5 - Total expenses, thousand USD

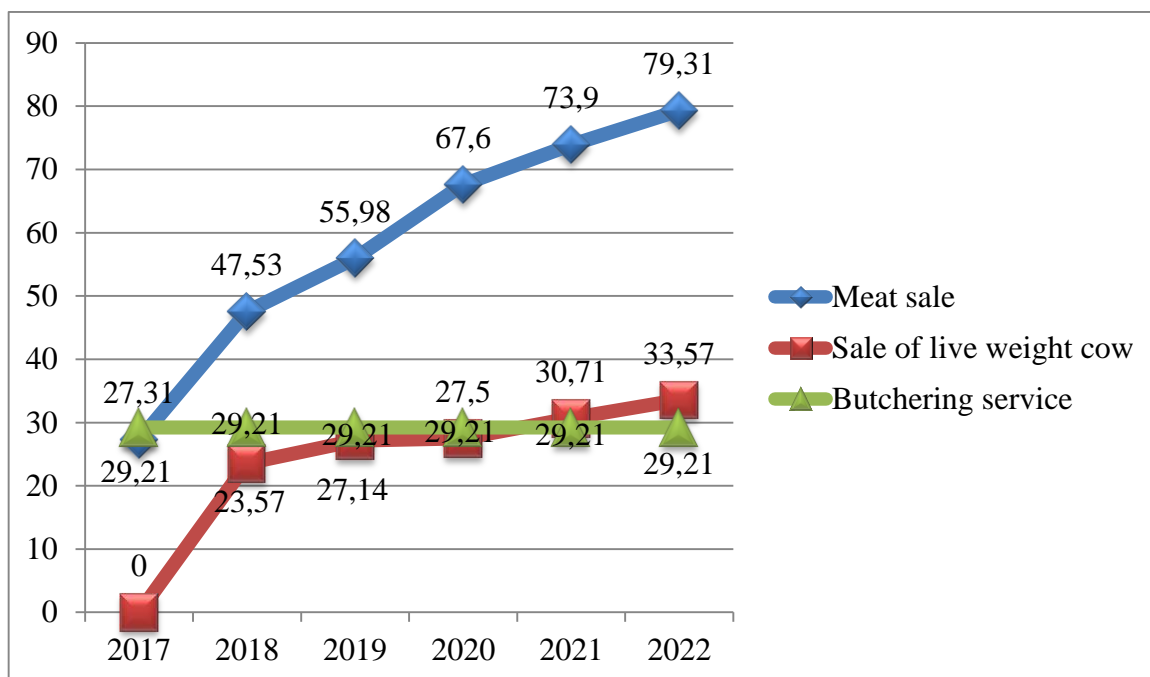
Financing of the project will carry out completely at the expense of own means. The company doesn't assume receiving the bank credit.

Now it is necessary to consider structure of the income of the enterprise in the considered period (see table 16).

Table 16 – The structure of the income of the enterprise, thousand USD

income item	starting date	2017	2018	2019	2020	2021	2022
Meat sale	c 01.17	27,31	47,53	55,98	67,6	73,9	79,31
Sale of live weight cow	c 01.18	0	23,57	27,14	27,5	30,71	33,57
Butchering service	c 01.17	29,21	29,21	29,21	29,21	29,21	29,21
Gross revenue		56,51	100,31	112,33	124,31	133,82	142,09

Planned income of the project is shown also in graph 6.



Graph 6 - Planned income of the project, thousand USD

Project cash flow is shown in table 17.

Table 17 – Cash flow, thousand USD

Item	Value						
	2016	2017	2018	2019	2020	2021	2022
Gross revenue	0	56,51	100,31	112,33	124,31	133,82	142,09
Costs	0	45,4	45,97	46,02	46,32	47,01	47,58
Gross profit	0	11,12	54,34	66,31	77,99	86,82	94,51
taxes	0	3,52	11,45	10,25	7,89	11,42	15,84
Operating cash flow	0	7,6	42,89	56,06	70,1	75,39	78,68
Total investment expenses	-236,54	7,43	7,8	8,19	8,6	9,03	9,48
Investment cash flow	-236,54	7,43	7,8	8,19	8,6	9,03	9,48
Total cash flow	-236,54	15,03	50,69	64,25	78,7	84,42	88,16
Cumulative total cash flow	-236,54	-221,51	-170,82	-106,57	-27,87	56,56	144,71

The discount rate of the project is equal to a total score of risks and makes 12 %.

The cash flow of the project taking into account a discount rate is representable in table 18.

Table 18 - Cash flow of the project taking into account a discount rate, thousand USD

Item	Period						
	2016	2017	2018	2019	2020	2021	2022
Discount rate	2,86	2,55	2,28	2,03	1,82	1,62	1,45
Discount total cash flow	-236,54	13,42	40,41	45,74	50,02	47,9	44,66
Discount cumulative total cash flow	-236,54	-223,12	-182,71	-136,98	-86,96	-39,06	5,6

It's needed to calculate a payback period of the project and the discounted project payback period on a formula (1):

$$\Delta = \frac{|P_{t-}|}{|P_{t-}| + P_{t+}}, \quad (1)$$

where

P_{t-} - the negative balance of the saved-up cash flow on a step until payback;

P_{t+} - the positive balance of the saved-up monetary stream on a step after the payback moment.

$$\Delta = \frac{27,86}{27,86 + 56,56} = 0,33.$$

Thus, the payback period of the project is equal: $P = 4 + 0,76 = 4,76$ year.

The payback period of the project is four years and 120 days or taking into account a year of investment (2016) the payback period is equal 5,33 years.

$$\Delta = \frac{39,06}{39,06 + 56,56} = 0,87.$$

Thus, the discount payback period of the project is equal:

$$P = 5 + 0,87 = 5,87 \text{ year.}$$

The discount payback period of the project is five years and 318 days or taking into account a year of investment (2016) the discount payback period is equal 6,87 years.

It is necessary for recognition of the project that the NPV was positive.

NPV=5,6 thousand dollars,

As the net discounted income is positive, the project is economically expedient.

Here are calculations of profitability of the discounted investments (PI):

PI=5,6 thousand dollars/236,54 thousand dollars = 0,023 (2.3 %).

5. Conclusion

In this thesis is evaluated the business, based on the creation of a cattle farm for the breeding of cattle for meat in the Almaty region of Kazakhstan.

Here a general analysis of the market and concept of the marketing were made.

Formation of the demand and sales promotion should be planned based on the following points:

- Advantageous location of the livestock sector;
- The relatively low price level compared to the other;
- Qualified personnel;
- Modern equipment;
- Implementation of programs to stimulate demand.

Developing communication policy should be pursued a strategy to increase awareness of the company. As part of this strategy, we must perform the following tactical events:

1. Collection of information for the analysis of communications;
2. Placement of advertising and information material about the project;
3. Create own website where consumers could get complete information about the

company, its location, design and price.

The peasant firm “Siir Farm” was evaluated in this thesis.

The payback period of the project is four years and 120 days or taking into account a year of investment (2016) the payback period is equal 5,33 years.

The discount payback period of the project is five years and 318 days or taking into account a year of investment (2016) the discount payback period is equal 6,87 years.

NPV is 5,6 thousand dollars,

As the net discounted income is positive, the project is economically expedient.

PI is 0,023 (2.3 %).

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