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Accounting Costs Without A Cost Accounting System: The Case Of A Small Italian Winery Of Excellence

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ABSTRACT

In recent years the cost accounting of wine production has been the subject of increasing debate in some countries. However, a large number of small and medium-sized companies, often family-run, encounter difficulties and costs to implement cost accounting and management control systems. In this context, this study seeks to determine the wine production cost of a small Italian winery of excellence devoid of a cost accounting system, in order to create a new cost accounting model that could be applied to other small and medium-sized wineries as well.

The purpose of creating this new model is to try to understand whether, in absence of a cost accounting system, it is practicable to use accrual accounting data in order to obtain a satisfactory determination of the full wine production cost and, consequently, whether it is possible to meet, albeit in a limited way, the information needs of companies operating in this sector. This study is likely to impact on wineries and insurance companies alike, as companies in both sectors are interested in being able to determine the wine production cost at different stages of ageing and storage.

Keywords: winery cost accounting, management control, cost management, SMEs.