

# Winemaking and enotourism in Ukraine: the impact on industry accounting system

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**Abstract:** The article considers the evolution of winemaking and stages of its development in different countries. Attention is paid to the various micro-climatic zones in Ukraine that promote grape and wine industry development. An analytical assessment of the production of grape wine in Ukraine for the period of 2011-2019 is carried out. Analytical assessment of the production of wine materials in the group range in Ukraine for the period of 2018-2019 is done. Theoretical aspects of wine tourism accounting (enotourism) are studied and the environment of wine tourism and its impact on accounting is identified. Traditional and specific types of tourist product services are presented.

**Keywords:** evolution, viticulture, winemaking, enotourism, accounting, analytical evaluation.

JEL codes: L66, M40, M41, Q13

**1 Introduction** The history of the development of the grape and wine industry gives grounds to assert its priority and prospects among other sectors of the economy of any country.

Recently, wine tourism is especially popular among the population, which is based on the study of grape growing, wine production, tasting of finished wine products and visits to wineries, vineyards, festivals and other various events related to wine.

With the development of enotourism, winemakers incur unique costs that do not exist in other areas, in particular, these are costs associated with the new object of accounting and require changes to its accounts, cost system (capitalization of vineyard costs, depletion allowances and distribution costs of exported goods) and many other procedures. Therefore, special attention should be paid to the study of the reliability of accounting reflection of costs associated with the organization and conduct of such activities as a particular activity and the object of accounting.

## 2 Methodology and data

The works of foreign scientists are devoted to the study of the grape and wine industry development and the peculiarities of its accounting reflection, in particular: John Blake, Oriol Amat & Jack Dowds (1998), Delmas, M., Gergaud, O., & Lim, J. (2016), M. Oliveira; J. M. Costa; R. Fragoso; E. Duarte (2019), D. Santillán, V. Sotés, A. Iglesias and L. Garrote (2019), Katherine L.Christ (2014), who believe that the model of wine tourism is based on interest in wine, knowledge of attractive areas and the possibility of tasting. Along with these approaches, the landscape of the vineyard, architectural monuments, picturesque villages, castles, chateaux, wineries, a special atmosphere of communication with wine consumers (people who are in love with wine), enchanting holidays and a rich palette of flavors are interesting for tourists, which is important for both tourists and wine producers who make business decisions concerning the organizing a wine tour.

Among Ukrainian scientists the following authors studied this problem: A.M. Avidzba (2000), O.M. Garkusha (2002), I.I. Cherven (2008), who devoted their research to

studying the conditions of sustainable development of viticulture and winemaking in Ukraine and its regions, a systematic analysis of the most important problems of the industry, both theoretical and practical. Mossakovsky V.B. and Bublyk S.Ya. (2008), considered methodological bases of formation of expenses and calculation of winemaking production in the conditions of functioning the Provisions (standards) of accounting and normative-legal base. Dunaeva M.V. (2011) focuses on the formation of the cost of manufactured products of the wine industry.

Comparison of official statistics for several years makes it possible to conclude about trends in winemaking development in Ukraine. The lack of a methodology for accounting and estimating income and expenditure from enotourism makes it impossible to collect statistical information for the management of this industry at the macro level. Therefore, authors in the study suggest to identify the objects of accounting for enotourism.

### 3 Results of the discussion

Geographically, the homeland of viticulture is the Caucasus (the territory of modern Georgia and Armenia) because according to archaeological data shards of pottery with the remains of a wine drink have been preserved, and the first graphic and textual evidence of wine existence dates back to the 4th millennium BC.

Then from the Middle East and Persia, the vine spread to the east and covered China (reign of the Khan dynasty - 200 BC) and India (500 BC). In Egypt (early XXVIII - mid XXIII century BC) bas-reliefs depicting grape pickers at work were preserved, there is also written evidence.

However, the whole world of grapes was conquered only after its appearance in the west. Through the Phoenicians, this culture was passed on to the Greeks, where it was Greece that began to establish trade in wine and spread viticulture throughout the Mediterranean (525 BC). From the Greeks the baton of winemaking development was taken by the Romans, who also actively improved the technique. They not only improved the whole process of winemaking, but also imported into all the lands they conquered and planted vineyards where they had never been before. In this respect, France owes its vineyards to the Romans.

At the end of the second century B.C. wine is becoming a more popular drink. In the first century B.C. there was a revolution in the history of viticulture, as new varieties of grape bush were invented in modern France ("Allobrogica" - frost-resistant and adapted to harsh climatic conditions and "Biturica" - adapted to rainy climates).

Next at the beginning of IV century Emperor Constantine officially recognized the Christian religion, and the need for wine in religious rites contributed to the spread of vineyards.

It should be noted that at the beginning of XIII century a wine competition was organized, which included the first jury with Philip Augustus.

Since the XII century French wine became an export product, where the main consumers were England, Flanders and German countries. Therefore, since then its production has been under control, and in 1395 the Duke of Burgundy Philip the Brave took measures to protect its quality.

From the end of the XVII century wine spread around the world as bottles and corks began to be used, which improved the transportation and storage of wine. And in the XIX century with the advent of the railway, the way was opened for faster and wider distribution of wine and turned it into a national drink.

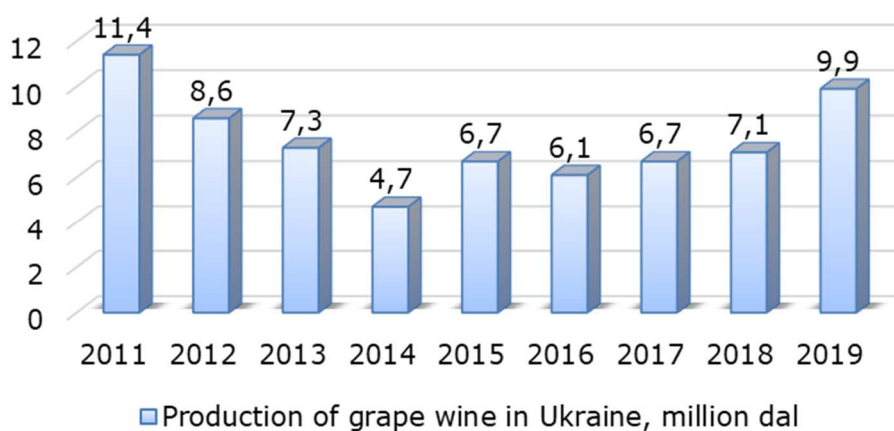
According to one version, the modern word "wine" is related to the Georgian "ghvivill" - "bloom, wander". Fassmer (a well-known German linguist), however, traces a common root with the Slavonian "to curl", and some researchers even claim that the term is based on the Sanskrit root "vena" - "favorite". However, none of the hypotheses has evidence.

From the vineyard's point of view, Ukraine is a set of microclimatic zones, and a certain territory is better suited for each variety. Hence the huge spread: each variety gives its own wine, and it is unique in its own way. But there are general rules: unpretentious variety eventually gives a less interesting drink.

The "wine" regions of Ukraine are Odessa, Kherson, Mykolaiv, Zakarpattia and Zaporizhia regions, respectively, the largest area of vineyards has Odessa region - 38.95 thousand hectares (46% of the total in Ukraine). The vineyards of the lost Crimea occupy 31.0

thousand hectares (37%). The rest (17.4%) are concentrated in Mykolayiv (7.1%), Zakarpattia (2.7%) and Zaporizhia (0.4%) regions. The development of viticulture allows the production of grape wine in Ukraine (Fig. 1).

Fig. 1. Production of grape wine in Ukraine, million

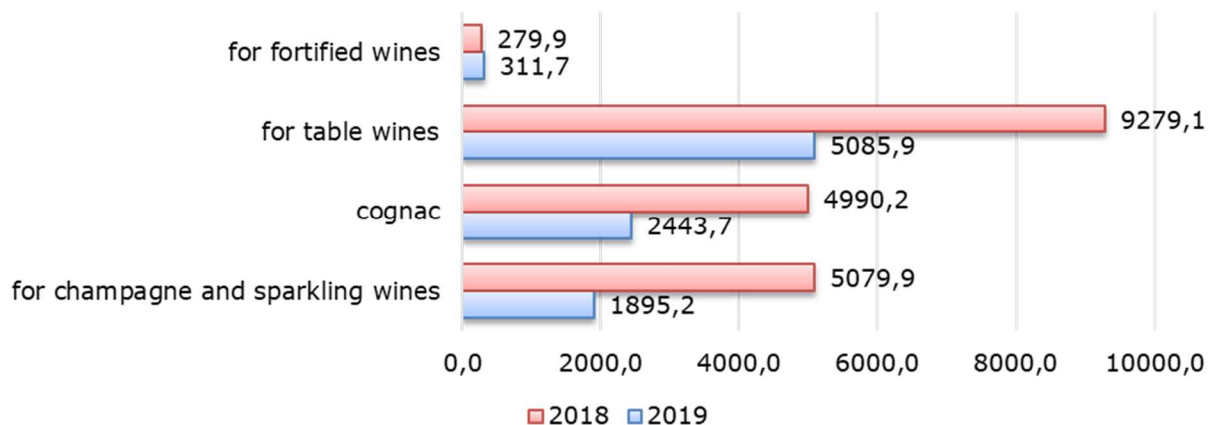


Source: Official website of statistics: <http://www.ukrstat.gov.ua/>

The data shown in Fig. 1 indicate different periods of development of the wine industry. The largest wine production took place in 2011. Due to the loss of large areas of vineyards in the annexed Crimea, in 2014 the lowest rates were observed (4.7 million dollars). But every year the production of grape wine in Ukraine increased and in 2019 its number amounted to 9.9 million dollars, which is more than twice as much as in 2014. This indicates the positive dynamics of the industry.

The analysis of Fig. 2 will allow us to have an idea of the volumes and trends in the development of wine materials produced in Ukraine.

Fig.2 The volume of wine materials production in Ukraine for 2018 - 2019, thsd. dollars



Source: Official website of statistics: <http://www.ukrstat.gov.ua/>

Analytical assessment of the production of wine materials in the group range allows us to conclude that the production of fortified wines is almost unchanged in Ukraine, the volume of which in 2019 amounted to 311.7 million dollars, which is 31.8 million dollars more than in 2018. The volume of table wine materials in 2019 is 5085.9 million dekaliters, which is almost twice less than in 2018. A similar trend is observed in the production of cognac wine materials, the volume of which in 2019 amounted to 2443.7 million dollars, which is 2546.5 million dollars less than in 2018. There is also a significant decrease in the volume of wine for champagne and sparkling wines in 2019, which compared to 2018, decreased by 62% and amounted to only 1895.2 million dollars.

Basyuk D.I. (2014) notes that wine tourism is becoming especially popular in the world. This is especially true for the famous European wine regions of Italy, France, Spain,