

# The Valuation of Inventories During the So-Called “Golden Age” of Italian Accounting

Annalisa Baldissera

University of Brescia, Brescia, Italy

The research aims to reconstruct the evolution of theories on the valuation of inventories during the so-called “golden age” of Italian accounting. The analyzed period, which goes from 1850 to 1900, represents a significant phase for Italian history, since some fundamental concepts handed down to the present day were placed in it. The research used a historical-descriptive method based on the analysis of the major works published in the period under observation and, through the examination of the literature, reconstructed the existence of three significant historical phases, distinct not only according to the theories on valuations of inventories proposed in each period, but also on the basis of the different regulatory context in force. The research has highlighted how the evolution of the theories developed by accounting between 1850 and 1900 showed alternating trends, passing from an initial phase (1850-1864) in which the doctrine identified specific criteria for evaluating inventories, to a phase of less attention to the evaluation problem (1865-1881), to finally reach (1882-1900) a complete and detailed treatment of the subject, through the formulation of concepts and principles highly similar to the current evaluation criteria.

*Keywords:* Italian accounting, evaluation criteria, inventories, Italian commercial codes

## Introduction

In the Italian context, the valuation of inventories represents a complex issue on which accounting and business economics scholars have concentrated for a long time.

During the so-called “golden period” of accounting, between the second half of the 19th century and the first half of the 20th century (Coronella, 2010), the accounting doctrine began to take an interest in the problem, not only from a strictly accounting point of view, inherent to the entries in the accounts, but also from the point of view of valuation, that is, the determination of the values to be attributed to the assets existing at the end of the financial year.

The golden period of Italian accounting, which lasted from 1850 until about 1950, was characterized by a particularly high density of scientific production (Colecchia, Manetti, & Pozzoli, 2013), never reached in the past, which led the discipline to rise to real science of administration (Coronella, 2007).

Focusing the attention on the classical interpretations of accounting, the research has examined in particular the period between 1850 and 1900 and has highlighted how the study of the theme of the valuation of

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Annalisa Baldissera, Ph.D, Assistant Professor, Department of Law, University of Brescia, Brescia, Italy.

Correspondence concerning this article should be addressed to Annalisa Baldissera, Via San Faustino No. 41, Brescia 25122, Italy.

inventories has also significantly contributed to the development of subsequent thinking, through the formulation of criteria then taken up and expanded in the 20th century, especially by business economics studies.

In particular, the second half of the 19th century was characterized by the almost exclusive presence of accounting studies, which, although they had not yet reached a unified and complete conception of the firm, had however already begun to overcome the purely accounting perspective of economic phenomena.

For an autonomous vision of the firm as economic coordination, it will be necessary to wait for the theories of Gino Zappa who enunciated the birth of business economics in the work *Tendenze Nuove Negli Studi di Ragioneria* (1927), i.e., in the inauguration speech of the academic year 1926-1927 at the Ca' Foscari University of Venice.

From 1926, a new era began in Italy—more or less revolutionary (Antonelli & D'Alessio, 2011)—in which accounting certainly did not disappear but was nevertheless incorporated, together with management and organization, into the broader discipline, theorized by Zappa.

Even before this last period, however, the Italian accounting had already addressed the problems associated with the assignments of value, analyzing the evaluation issues with reference to all the assets—the so-called “substances”—of the company.

It should also be remembered that the period taken into consideration by the research developed, from a regulatory point of view, first under the Commercial Code of 1865 and subsequently under the Commercial Code of 1882; the latter remained in force until April 20, 1942 before being replaced by the civil code promulgated with Royal Decree No. 262 of March 16, 1942.

While the Commercial Code of 1865 dealt with the financial statements only in particular hypotheses (especially in bankruptcy), the Commercial Code of 1882 made some progress since, although the rules on valuations were still completely absent, the fundamental principle was already codified. According to this principle, the financial statements had to clearly and truthfully show the profits actually achieved and the losses suffered.

This principle influenced in a penetrating way the theoretical elaboration of time, which derived from it a fundamental postulate for evaluations. To the extent that the financial statements could only represent realized profits, the valuations had to be inspired by conservatism to prevent any overestimation of income and assets from causing the emergence of hoped-for, if not fictitious, economic results.

The absence of mandatory provisions on the financial statements that persisted during almost the entire golden period of accounting meant that the theory and practice had to deal with filling the gaps left by the legal system.

The present study aims to reconstruct the theories of the valuation of inventories developed by Italian accounting scholars in the period 1850-1900, since in these theories, there are concepts and postulates that can in many respects be considered precursors of the developments of subsequent thought and in particular of the interpretations that business economics arrived at later.

This research can therefore be significant not only to understand the roots of Italian economic thought but also to derive from them useful information for the interpretation of the many problems that the valuation of inventories still continues to entail today.

In fact, although the theories analyzed by this research were elaborated in a different regulatory context both from the one in which business economics studies developed, and from the current one, they retain

significant importance in the panorama of Italian literature, above all because they have examined the problem of evaluations in depth, considering it not abstractly but in the light of the real conditions of the firm and the environment in which it operates.

### **Research Methodology**

The research is based on the use of the historical-descriptive method which is particularly useful for the analysis and suitable for its object.

As regards the choice of the historical period, the study considered it significant to start the investigation from 1850 since in that year (Onida, 1947) the work of Francesco Villa, *Elementi di Amministrazione e Contabilità*, was published, in which the scholar shows to be far-sighted and evolved, and, in many respects, forerunners of the modern conceptions that were developed in Italy in the twenties of the following century.

In fact, although at the time the birth of business economics was still a long way off, Villa's work already contained particularly innovative concepts and notions as representative of an inclination of thought capable of looking at the firm in a broad way.

In relation to the final moment of the analysis proposed here, at the end of the 19th century, accounting had fully elaborated its conceptual categories and could be considered substantially settled in its foundations, having reached a scientific level that did not experience radical transformations in the following decades, if not for the advent of business economics.

Once the historical period of reference has been identified, the reconstruction of the theories developed by the accounting between 1850 and 1900 was carried out through the analysis of the literature which, over the period examined, was dedicated to financial statements assessments and in particular to valuation of inventories.

To this end, it is essential to underline that the investigation of accounting studies in the period examined cannot in any way disregard the consideration of the legal context and, especially, the presence or absence of rules dedicated to the financial statements in general and to assessments in particular.

In fact, the absence of regulations not only leaves a void that scholars and practitioners of accounting must fill, but also allows ample freedom of interpretation and resolution of financial statements problems. On the contrary, the presence of mandatory rules requires compliance with the valuation principles or general postulates established by the legal system, limiting the interpretative space of the accounting science.

For this reason, the period considered has been divided into three fundamental sub-periods, according to the existing regulatory structure in each of them:

1. 1850-1864, codes of the pre-unification Italian states, inspired by the French model;
2. 1865-1881, Commercial Code of 1865, inspired by the Commercial Code of the Kingdom of Sardinia;
3. 1882-1900, Commercial Code of 1882.

As a further parameter for the characterization of the period examined, the main schools of thought in which the accounting studies of that time are generally divided (Paolone & D'Amico, 2017) were considered:

1. the Lombard School;
2. the Tuscan School;
3. the Venetian School.

From the combination of the two classifications derives the overview of the situation shown in Table 1.

Table 1

*Legal System and Schools of Thought (1850-1900)*

Historical phase	Legal system in force	School of thought	Principal scholars of accounting
(1) 1850-1864	Codes of the Pre-unification States	Lombard School	Francesco Villa (1801-1884) Antonio Tonzig (1804-1894) Francesco Marchi (1822-1871)
(2) 1865-1881	Commercial Code of 1865	Tuscan School	Giuseppe Cerboni (1827-1917) Francesco A. Bonalumi (1832-1904) Giovanni Rossi (1845-1921)
(3) 1882-1900	Commercial Code of 1882	Late Tuscan School Venetian School	Giuseppe Cerboni Giovanni Rossi Fabio Besta (1845-1922)

Source: own elaboration.

On the basis of the above analysis methodology, the research examined the three sub-periods of Table 1 considering, on the one hand, the regulatory requirements in force on financial statements, and on the other hand, the contents of the accounting studies by examining the main works published in each of the sub-periods.

## Literature Review

### The Period 1850-1864

From a legal point of view, the period between 1850 and 1864 was characterized by the presence of the Codes issued by the pre-unification states, including the Kingdom of the Two Sicilies, the Duchy of Parma and Piacenza, the Duchy of Lucca, the Duchy of Modena and the Kingdom of Sardinia.

In particular, the codifications of the Kingdom of Sardinia, largely inspired by the French model, assumed significant importance for the country, especially for the influence they produced on the subsequent legislation of united Italy, in which they were largely replicated.

The codifications of the Kingdom of Sardinia, issued with the accession to the throne of Carlo Alberto, which took place in 1831, were divided into five codes: the Civil Code of 1837, the Penal Code of 1839, the Commercial Code of 1842, the Code of Criminal Procedure of 1847, and the Civil Procedure Code of 1854.

The poor rules on the financial statements were contained in the commercial code and essentially referred to the hypothesis of dissolution of the company, which involved the preparation of “exact financial statements”, containing the assets and liabilities (Article 63). In addition to this case, the financial statements were also mentioned for the bankruptcy case, given the obligation of the bankrupt to file the financial statements containing the enumeration and approximate value of all his movable and immovable assets and the picture of profits, losses and expenses (Article 470).

As can be deduced from the foregoing, at the time no norm regulated the methods of drawing up the financial statements and no evaluation criteria were established, so that it was the task of doctrine and jurisprudence to develop principles and theories suitable for guiding the preparation of the financial reports and the processes of assigning values.

That described is the context to which it is necessary to refer in order to understand the reasons why the accounting scholars of the time also began to deal with evaluation problems, including those, particularly significant, relating to inventories.

Among these scholars we must remember Francesco Villa (1801-1884) and Antonio Tonzig (1804-1894), exponents of the Lombard School and bearers of concepts that were decidedly advanced at that time.

Particularly significant is the work of Villa, *Elementi di Amministrazione e Contabilità*, published in 1850, in which the author shows a systematic attention not only to the accounting issues of recording company facts, but also to the problems of the firm administration.

As regards the valuation of inventories, the scholar distinguishes between inventories of finished products, goods, raw materials intended to be used in production processes and semi-finished materials.

The valuation of the company's products and goods must be made at the current price, that is, the price at which the goods could be sold if their transfer took place on the valuation date.

However, observes Villa, valuation at the current price is conventional and can only be accepted for accounting purposes. On the contrary, outside this context, the valuation at the current price cannot be enough, but must be proven by the facts.

This happens, in particular, where profits are distributed to shareholders, since in this case, it is necessary both to adjust the expected price, reducing it by the costs to be incurred for the sale, and to take into account all those difficult assumptions regarding circumstances that may affect the variations of prices.

The evaluation of raw and semi-finished materials must instead be carried out at the cost incurred, given that otherwise there would be no fundamental element to understand whether they have produced profits or losses.

With regard to the thought of Antonio Tonzig, in particular contained in the *Trattato della Scienza di Amministrazione e di Contabilità* (1857), the scholar, after having recalled the need for an accurate measurement and description of the assets forming part of the company's capital, observes that the value to be assigned to these goods is determined by the utility they are able to bring, according to their greater or lesser capacity to satisfy human needs.

In particular, Tonzig makes use of categories that are still significant today for the purposes of valuation, underlining the difference between value in use, determined by the intrinsic utility of the goods, and exchange value, corresponding to an equivalence value, depending on the conditions in which the exchange takes place. While goods with no use value cannot have any exchange value, not all goods with use value necessarily have an exchange value, being able, for example, not to be salable or not to have a price.

With regard to the price, moreover, the scholar recalls the different configurations that it can assume, including the cost price, given by the costs incurred for the purchase; the current price, determined by the match between supply and demand; the average price, representative of the limit price above or below which trading is regulated; the ordinary price which depends on the common opinion of the people; the extraordinary price, which is attributed to goods in exceptional market conditions.

In a remarkably modern passage of the work, Tonzig, unlike Villa, indicates the cost price, and not the selling price, as a general criterion of evaluation, to be applied both to the goods and to the products of the firm, since in both cases this price constitutes the necessary basis for determining whether through the exchange or production there was a profit or a loss.

Furthermore, Tonzig is also attentive to the hypotheses in which the cost price exceeds the selling price, as can happen for old-fashioned or deteriorated goods or for goods that must be divided among the shareholders, given that in all these cases and in other similar cases, the valuation must be carried out not at the cost price, but at the (lower) estimate price determined according to the values expressed by public opinion and resulting from the specific circumstances of time and place.

Equally advanced is the method for determining manufacturing costs proposed by the author, which suggests considering not only direct costs, such as raw materials and labor, but also indirect costs, such as interest paid on the capital invested in machines, furniture, tools and buildings, the public taxes, the indirect labor (salaries of employees and agents), and, in general, all costs associated with production.

The analysis of the thought of the two leading exponents of the Lombard School has therefore highlighted how, at the time of the codes of the pre-unification states, in a legal context characterized by the almost total absence of financial statements regulations, the Italian scholars had already identified some of the main criteria useful for the valuation of inventories, in particular represented by the sale price and the purchase cost, both adjusted to take into account the circumstances of time and place in which the value is calculated.

### **The Period 1865-1881**

From a legal point of view, the period between 1865 and 1881 takes place under the Commercial Code of 1865—or the Commercial Code of the Kingdom of Italy—which essentially replicated the Albertine Code of Commerce of 1842.

Similarly to the reference model to which it was inspired, the 1865 Commercial Code also limited the mention of the financial statements to special hypotheses, such as the dissolution of the company, the occurrence of which implied the preparation by the liquidators of a balance sheet of assets and liabilities (Article 169); the bankruptcy of the company, in which case the bankrupt was required to file the financial statements containing the indication and approximate value of all its movable and immovable assets, in addition to the prospectus of profits, losses, and expenses (Article 545).

Furthermore, pursuant to Article 121, the financial statements had to be drawn up in “good faith” and this rule constituted the only drafting principle contained in the 1865 Commercial Code, in addition to the accuracy mentioned above. Thus, even in the period 1865-1881, accounting scholars had to elaborate their theories in conditions of total absence of norms, replacing the legal system that provided for nothing in terms of evaluations.

The period in question is characterized by the diffusion of the main works of authors belonging to the Tuscan School, including Francesco Marchi (1822-1871), Giuseppe Cerboni (1827-1917), Francesco Alberico Bonalumi (1832-1904), and Giovanni Rossi (1845-1921).

As regards Francesco Marchi, in one of his best-known works, *I Cinquecontisti* (1867), the problem of inventories is treated more from an accounting point of view than from an evaluation point of view, although in some passages, the author still remembers that the determination of the value of the merchandise is not immediate but requires, on the contrary, the prior identification of the goods in stock and the attribution of a price to them.

For the purpose of attributing this price, in a different passage of the work, we can also find a reference to the direct costs that must be included in the value of the merchandise, among which the author mentions the commissions, as charges to be attributed to the cost of the goods to which they refer, so that it is easier to determine the net profit obtained from the sale of the goods themselves.

As regards Giuseppe Cerboni, the author has been registered in Table 1 as belonging to both Phases (2) and (3) since his main works are placed partly in the period of validity of the Commercial Code of 1865 and partly under the Commercial Code of 1882.

In Phase (2), the work *Primi Saggi di Logismografia* (1873) is primarily dedicated to the illustration of accounting, its purposes and its method, while the problem of evaluations is not treated as a specific object of analysis.

Similarly, the *Logismografia* (1878), published five years later but still in force of the 1865 Code of Commerce, deals with the valuation theme in a broad and general sense, as a necessary aspect of the economic administration of the firm, but more space is reserved for the treatment of accounts and their movements.

In the thought of Francesco Alberico Bonalumi contained in the works *Nozioni di Computisteria* (1871) and *Saggio d'un Corso Completo di Contabilità Metodica* (1872), the attention is turned to the applicative and methodological profiles of the double entry, while the evaluations remain in the background and mostly implied.

The method, the legal-accounting equations and the systematic knowledge of the functioning rules of accounts remain the focus of the investigation also in the subsequent group of works dedicated to the *logismografia*, including *La logismografia Cerboniana e la Partita Doppia* (1876), *La Logismografia Cerboniana Applicata alle Aziende Industriali e Commerciali* (1877), and *Storia della Genesi e dello Svolgimento del Pensiero Logismografico* (1878).

The examination of the method also continues with Giovanni Rossi, whose main works are placed partly in the period from 1865-1881 and partly in the subsequent period, between 1882 and 1900.

As regards the first of the two periods mentioned above, in the collection of studies *Il Logismografo* (1877) the scholar offers a broad analysis of the new method of keeping accounting books, namely the *logismografia* of Cerboni. The author thus participates in the heated debate which, following the political unification and independence of Italy, began to concern the accounting of public administrations. Even in this contribution, however, the problem of evaluations is not the focus of the analysis, although the author recognizes its prior need.

In particular, he recognizes the existence of two arts in the science of accounts, namely the estimation, whose task consists in attributing a value to the rights and obligations of the firm, and the keeping of accounts, which instead deals with recording rights, obligations and their variations.

In the following year, *Il Logismografo* (1878) contains further contributions by Giovanni Rossi in which the scholar retains the same perspective, mainly addressed to the method, but also here the theme of determining the true value of firm's assets and liabilities emerges.

The problem of evaluation is more explicit in the work *La Logismografia Cerboniana* (1878), dedicated to the administrations of municipalities and provinces, in which the scholar clearly distinguishes the two different operations necessary for the formation of the inventory: (a) the recognition of the substance; and (b) the determination of the value of the substance. The first operation defines the quality and quantity of rights and obligations, while the second establishes their value. The first operation is legal, while the second is economic and, as distinct functions, must be performed by different people.

From the considerations carried out, it emerges that after Villa and Tonzig, who explicitly addressed the problem of valuations, the period 1865-1881 was characterized by the abundance of studies dedicated to the accounting method, its innovations and refinements, while the issue of valuations, and therefore also of the valuation of inventories, although widely known in its aspects of complexity, has remained, so to speak, implicit.

**The Period 1882-1900**

Following the enactment of the Commercial Code of 1882, the process that will lead the Italian legal system to establish ever more detailed rules on the financial statements of companies and on the evaluation criteria is launched.

In fact, unlike the previous commercial codes, the 1882 Commercial Code, although containing an extremely small number of rules dedicated to the financial statements, provides for the obligation of annual drafting and not only in the special cases of dissolution or bankruptcy of the company.

The most significant rules of the 1882 Commercial Code for the purposes of the valuations are those concerning the obligation to show, through the financial statements, only the profits actually achieved, thus excluding all the presumed or expected revenues, but not actually realized.

Pursuant to Article 175, in fact, the financial statements must clearly and truthfully demonstrate the profits actually achieved and the losses suffered and, pursuant to Article 180, no dividends can be paid to shareholders, except for profits actually achieved and resulting from the approved financial statements.

Pursuant to Article 175, in fact, the financial statements must clearly and truthfully demonstrate the profits actually achieved and the losses suffered and, pursuant to Article 180, no dividends can be paid to shareholders, except for profits actually achieved and resulting from the approved financial statements.

Considered from the point of view of the effects on the valuations, the aforementioned rules, although synthetic, are in any case sufficient to outline a legal and accounting framework that does not allow for overestimation since they could only generate not effective profits, which, if distributed, would cause a concrete impoverishment of the company.

In this sense, the Commercial Code of 1882, on the one hand, does not establish what the criteria to be applied in the valuations are; on the other hand, however, it requires that the valuations do not cause, as a result of the overestimates, the distribution of fictitious profits.

This dual connotation opens up a significant scientific space for accounting studies, given that they must now deal with developing the most suitable evaluation criteria to achieve the purpose desired by the legal system, namely the protection of the company's capital.

Precisely for this reason, in the historical period between 1882 and 1900, the accounting studies deal with the problem of valuations in a broader and more detailed way than in the previous period and thus manage to overcome the purely accounting sphere of recording business events to begin to deal in depth with the criteria that must guide the directors in the procedures for attributing values to the assets and liabilities of the company.

From the point of view of accounting studies, the period in question is characterized by the simultaneous presence of two schools of thought, namely the late Tuscan School and the Venetian School, whose greatest exponent was Fabio Besta (1845-1922), a contemporary of Giovanni Rossi.

As regards the continuation of the Tuscan School, in the first volume (*I Prolegomeni*) of the work *La Ragioneria Scientifica* (1886), Cerboni considers evaluation as one of the main tasks of accounting since the materials destined for production, circulation and exchange must be not only inventoried but also evaluated.

He therefore includes, within the firm's 16 administrative functions, not only the recognition and custody of assets (second function), but also their evaluation (third function), remembering how the special complexity of the latter requires the intervention of multiple company figures, as administrative employees, intermediary agents, accountants and experts in estimation.



Although the detailed description of the criteria to be adopted for assets assessments is not central even in Cerboni's later thought, in the latest studies of the Tuscan School a greater approach to the issue is shown by Giovanni Rossi in the *Enciclopedia di Amministrazione, Industria e Commercio* (1895), directed by Giuseppe Cerboni, under the items *Valutazione Economico-Patrimoniale* and *Valutazione Economica come Funzione Amministrativa*.

Under the item *Valutazione Economico-Patrimoniale*, Rossi defines the evaluation as the operation that consists in assigning a value to the firm's assets and which constitutes a specific subject of economic administration and accounting, and in particular of the science of estimation.

In this regard, consistently with the scientific direction followed up to then, namely the study of method problems, Rossi refers the reader who wants to deepen the theme of evaluations to the works that specifically deal with the subject, and in particular to those of Fabio Besta, his contemporary, and those of Francesco Villa.

However, the scholar, while not intending to replace the experts on the subject, recognizes the centrality of evaluations not only for the firm, of any type, but also for the accounting science which mainly deals with those values and their registration.

Rossi, recovering the maxim of the ancient Romans (*res valet tanti quanti vendi potest*), states the fundamental principle according to which the value of any economic good corresponds to the price at which the good can be sold on the market.

In the multiplicity of the objects of evaluation examined by Rossi—goods that generate income, land estates, woods, houses and buildings, goods that do not generate income, rights, credits, etc.—the inventories of goods of firms can be considered as belonging to the class of non-productive goods, as they are used in production or exchange.

However, in the discussion of Rossi, the firm's inventories do not receive a dedicated space, containing the illustration of specific criteria applicable to them. In fact, the author deals with durable assets and their depreciation, as well as the capital of the company which is worth more than the sum of the single assets that compose it, while, as regards the valuation of inventories, it is necessary to refer to the general principles that the scholar also formulates in the entry of the *Enciclopedia* entitled *Valutazione Economica come Funzione Amministrativa*.

Here, referring to Cerboni, Rossi recalls how the recognition and evaluation of the wealth owned by the company represent a central administrative function given the human soul's need to know the value of the assets owned at any time. The value of these assets is represented by their economic power, which, according to Rossi, is expressed through their purchasing capacity, that is, in short, through the exchange price.

For a complete discussion of the theme of evaluations, it is necessary to wait for the Tuscan School and in particular, for the period 1850-1900, the thought of its founder Fabio Besta.

Although the evaluation problem is extensively analyzed in Besta's fundamental work, *La Ragioneria* (1909, 1910, 1916), and therefore in a historical phase that falls outside the one examined here, it is necessary to remember that the constitutive principles of the theory of scholar were already contained in the *Corso di Ragioneria. Parte Prima—Ragioneria Teoretica* (1881-1889), a manuscript work in which the author offers a summary of the lectures held at the *Regia Scuola Superiore di Commercio* in Venice.

In Book I, entitled *Valutazione della Ricchezza*, the scholar analyzes in detail and individually almost all of the assets susceptible of evaluation, including money, rustic funds, houses, usufruct, rights, annuities, credits and debts.

Even the inventories of firms finally find a dedicated discussion, in which the criteria to be used for assigning a suitable value to the existing goods at the end of the financial year are analytically described.

In particular, Besta distinguishes between merchandise, raw materials and products in progress, identifying the following evaluation criteria.

1. The merchandise of merchant enterprises must be valued at the current market price, taking into account the quantity and quality of the goods, as well as the costs to be incurred for their best sale.

2. The raw materials of industrial companies, although they can be valued at the current price, it is preferable that, for the principle of conservatism, they are valued at cost, where it is lower than the current price, so as to limit the discretion of the directors in determining the profits.

3. The products in progress, not being exchanged frequently and not having a current price, must be valued at the cost of production, determined thanks to an accounting system suitable for taking into account the quantity of work contained therein.

Besta is the last scholar of the period examined by this research and represents the arrival point of the studies that developed in the 19th century under the 1882 Commercial Code.

### Findings

The reconstruction of the literature proposed by this research allows us to retrace the phases through which the progressive development of theories on the valuation of inventories was achieved during the golden period of Italian accounting.

Table 2 summarizes for each historical phase the evaluation criteria proposed by scholars for the different categories of assets to be evaluated, with an indication of the authors who developed them.

Table 2

#### *The Valuation of Inventories During the “Golden Age” of Italian Accounting*

Historical phase	School	Item	Evaluation criteria	Author
1850-1864	Lombard School	Goods and finished products	Current price	Francesco Villa
		Raw materials	Cost	
		Semi-finished products	Cost	
1865-1881	Tuscan School	All types of inventories	The lower of cost and current price	Antonio Tonzig
		All types of inventories	Techniques of estimation	Giovanni Rossi
1882-1900	Venetian School	Goods	Current price	Fabio Besta
		Raw materials	The lower of cost and current price	
		Products in progress	Cost	

Source: own elaboration.

In particular, with the exception of the Tuscan School, which does not propose specific criteria, while assigning the task of evaluation to a specific administrative function, the Lombard School and the Venetian School tend to have uniform criteria, although not identical.

A first uniformity concerns the valuation of goods intended for sale which, with the exception of the criterion of lower value proposed by Tonzig, must be valued at the current price according to both Villa and Besta.

A second uniformity, stronger than the previous one, concerns the evaluation of the factors used in the production and of the goods whose manufacture is not yet completed at the end of the financial year, given that both for the Lombard School and the Venetian School, it is necessary to apply the criterion of the cost incurred.

## Conclusions

The analysis of the main studies that spread in Italy in the golden period of accounting highlighted the presence of a discontinuous development of thinking dedicated to the issue of financial statements valuations and, in particular, the valuation of inventories.

The first historical phase, which goes from 1850 to 1864, represents a particularly significant period for the Italian accounting, since, well in advance of subsequent business economics studies, which developed starting from 1926, it contains some fundamental concepts, including such as those relating to the valuation of inventories.

In this phase, the two main scholars, Villa and Tonzig, elaborate particularly advanced interpretations, both with respect to subsequent studies, and with respect to the legal context, which offered no indication either on the principles of drafting the financial statements, or in relation to the criteria evaluation.

Perhaps also due to this inadequacy of the financial statements rules, accounting scholars felt the need to fill the legislative gap, offering to the drafters of the financial statements valid criteria for assigning values to the corporate assets.

In particular, while Villa is more oriented to the use of the sale price, Tonzig's position instead favors the cost criterion and therefore seems even more advanced and closer to the current civil code, which precisely identifies the cost as the general principle for assessments.

In the subsequent phase, which goes from 1865 to 1881, the legal framework has not substantially changed since, like the previous Albertine code, also the Commercial Code of 1865 does not contain provisions on the financial statements, so that the need for this gap to be filled by accounting scholars remains unchanged.

However, the literature of the time, unlike the previous one, went through a period of substantial slowdown in the development of theories on evaluations, given that most scholars did not deal with the topic, to instead focus more on the methodological profiles of keeping accounts and accounting books.

The Italian accounting doctrine of this period widely recognizes the importance and complexity of evaluations, so much so that it considers them as operations to which a specific administrative function must be dedicated (Cerboni, Rossi). Nonetheless, it seems to believe that the determination of the values to be attributed to the company's assets must be employed by sector specialists, experts and connoisseurs of appraisal, almost as if it were a field outside the perimeter of accounting.

Finally, in the third period, which goes from 1882 to 1900, the Italian literature now seems to have acquired full awareness of the problems that evaluation entails for the preparation of the financial statements, reaching this result probably thanks to the legislative changes that have occurred in the meantime.

In fact, even though the 1882 Commercial Code does not contain any criteria for evaluating inventories, it nevertheless sets out a fundamental principle for every evaluation, namely that of the truth and effective realization of the profits represented in the financial statements.

Thus, while the late Tuscan School begins to take an interest in the problem (Rossi, 1895), Besta deals with it in detail and specifically, and totally accepts the new legal principle of the truthfulness of profits, translating it into the principle of conservatism.

Thanks to the thought of Besta, in 1889, the accounting science came to enunciate, with an advance of more than 50 years, the same principles of valuation of the inventories that were introduced with the civil code of 1942, and showed how the golden age had reached, at the end of its maximum development, a modernity of thought to which even today the Italian school is proudly grateful.

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