COSTING AND TAXATION (CSTX)

CLASS-XI

Full Marks 100

Costing (40 Marks)

Unit-I : **(8 marks)**

Introduction

Definition of Cost - Costing - Cost Accounting - Cost Centre - Cost Unit - Objectives of Cost Accounting - Features of Cost Accounting - Advantages of Cost Accounting - Limitations of Cost Accounting - Steps or Factors Necessary for Installation of a Costing System

Unit-II : **(14 marks)**

A. Classification of Cost

i) Element - based Classification : Raw Materials Cost - Labour Cost - Other Expenses Overhead - Prime Cost.

ii) Function - based Classification : Factory Cost - Administration Cost - Sellin Cost - Distribution Cost - Research and Development Cost.

iii) Behaviour-based Classification : fixed Cost - Variable Cost - Semi-Variable/Semi-Fixed Cost - Distinctions between Fixed Cost and Variable Cost.

B. Preparation of Cost Sheet

Definition of Cost Sheet - Basic Components of Cost Sheet - Practical Problems on Cost Sheet (Simple Problems excluding Cost Estimation).

Unit-III : Cost of Materials-I **(18 marks)**

A. Storing of Materials

i) Bin Card - Definition and Necessity

ii) Stores Ledger - Definition and Necessity

iii) Centralised Stores and Decentralised Stores.

B. Materials Control

i) Necessity of Material Control

ii) Fixation of Stock Levels of Materials : Re-order Stock Level - Maximum Stock Level - Minimum Stock Level - Average Stock Level - Danger Stock Level (with Simple Practical Problems)

iii) Fixation of Economic Order Quantity (EOQ) : Definition and Advantages of EOQ - Simple Problems on Determination FOQ (with the help of Formula)

Taxation (40 Marks)

Unit-I **(10 marks)**

a) A brief history of Income Tax in India, Tax structure in India - Direct Tax, Indirect Tax.

b) Basic Concepts and definitions under income Tax Act :- Previous Year, Assessment year, Assessee, Person, Sources of Income, heads of Income, Gross Total Income, Total Income.

c) Incomes which do not form part of Total Income : Receipts by a member from Hindu Undivided family [Section 10(2)], Share of profits from a partnership firm (Section 10(2A)] Sums received under life insurance policy [Section 10(10D)], Daily allowances to MPs and MLAs [Section 10(17)], Awards [Section 10(17A)], Income of a local authority [Section 10(20)], Income from dividend [Section 10(34)], Income from units [Section 10(35)], Long term capital gains from transfer of equity shares or units [Section 10(38)].

Unit-II **(10 marks)**

Residential Status and Incidence of Tax of individual assessee.

Unit-III **(5 marks)**

Agricultural Income : Definition, Taxability of income from sale of tea and coffee grown and manufactured in India. Very common instances of agricultural incomes and non-agricultural incomes.

Unit-IV **(15 marks)**

Income under the head "Salaries"

A) Basis of Charge (Section 15), Essential norms of salary income, Allowances :- Basic Salary, Dearness Allowance, City Compensatory Allowance, House Rent Allowance [Section 10(13A)], Medical Allowance, Bonus, Children Education Allowance, Transport Allowance,

B) Perquisites [Section 17(2)]

a) Valuation of rent free unfurnished accommodation provided to (i) Central and State Government Employee and (ii) Private Sector Employees [Rule 3(1)] - Valuation of rent free furnished accommodation.

b) Valuation of perquisites in respect of (i) Free education to employee's children : (ii) Payment of school fees by the employer, (iii) Education facility in employee's institute.

c) Very common examples of tax free perquisites.

III. Deduction for professional tax or tax on employment [Section 16(iii)].

Project (20 Marks)

1. Visit any manufacturing firm, collect real data and prepare a detailed Cost Sheet.
2. Collect data from any relative, who is a salaried person and compute his/her income from salary [excluding perquisites].