

# COSTING AND TAXATION

## CLASS-XII

### COSTING (40 MARKS)

**UNIT – I** (10 Marks/10 Periods)

#### **Cost of Materials – II**

Methods of Pricing Materials issues from Stores and Preparation of Stores Ledger Accounts – FIFO Method, LIFO Method, Simple Average Method – Weighted Average Method – Advantages and Limitations of FIFO Method, LIFO Method, Simple Average Method and Weighted Average method.

**Unit – II** (25 Marks / 25 Periods)

#### **I. Cost of Labour**

Time keeping – Methods of Time keeping (Manual and Mechanical) – Features of a Good Time Keeping System.

Time Booking – Methods of Time Booking Idle Time – Causes of Idle Time.

#### **II. Methods of Remuneration**

- A. Time Rate Wage – Advantages & Limitations
- B. Straight Piece Wages and Simple Problems Limitations.
- C. Differential Price Wage Rate : Taylor's Differential Price Wage Rate – Advantages and Simple Problems Limitation. Merrick's Differential Piece Wage Rate Method – Concept and Simple Problems.
- D. Halsey and Rowan Premium Bonus Schemes – Concepts and Simple Problems.

**Unit – III** (5 Marks / 5 Period)

#### **Basic Concept of Overhead**

Definition of Overhead – Importance of Overhead – Classification of Overhead (only element-based, function-based and behaviour-based classification) – Distinctions between Overhead and Prime Cost.

## **Taxation (40 Marks)**

**UNIT – I** (20 Marks / 20 Periods)

### **Income from “House Property”:-**

- (i) Chargeability – essential conditions (Section 22), Property income exempt from tax, Gross Annual Value [Section 23(I)]
- (ii) Computation of income from let out house property: adjustment of vacancy period, standard deduction under Section 24(a), Interest on borrowed capital under Section 24(b) (excluding interest for pre-construction period)
- (iii) Computation of income from one self occupied house.

**UNIT – II** 10 Marks / 10 Periods

### **Income from Capital Gains : (Theory only)**

Basis of charge [Section 45(I)], Meaning of Capital asset [Section 2(14)], Examples of assets not treated as capital asset, Short term Capital Asset [Section 2(42A)], Long term Capital Asset [section 2(29A)], Transfer of Capital Asset [Section 2(47)],

**UNIT – III** 10 Marks / 10 Periods

### **Income from Other Sources**

Basis of charge (Section 56), Some examples of income generally taxable under this head, Tax treatment of winning from lotteries, horse race, card games, cross word puzzles [Section 56(2)(ib)], Interest on Securities (section 56(2)(id)),

**PROJECT** (20 MARKS/25 PERIODS)

1. Select any manufacturing unit, observe the wage payment system followed there and prepare a report on your observation.
2. Select any house having both let out and self occupied units, take the necessary information from the owner of the house and compute income from house property.