

**MANAGEMENT ACCOUNTING PRACTICES
OF
COMMERCIAL BANKS IN NEPAL**

A THESIS

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VIVA - VOCE SHEET

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And found the Thesis to be the original work of the student written in accordance with the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master’s Degree of Business Studies (M.B.S).

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RECOMMENDATION

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DECLARATION

I here by declare that the work reported in this thesis entitled **“MANAGEMENT ACCOUNTING PRACTICES OF COMMERCIAL BANKS IN NEPAL”** submitted to Research Department of Nepal Commerce Campus, Faculty of Management, Tribhuvan University, is my original work as partial fulfillment of the requirements of the degree of Master in Business Studies (M.B.S), this is prepared under the supervision of lecture **Keshav Nath Wagle**, Nepal Commerce Campus, New Baneshwor.

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This research study “**Management Accounting Practices of Commercial Banks in Nepal**” is a partial fulfillment of the requirement for Master’s Degree of Business studies (MBS). This study has focused on the practice of management accounting tools and techniques in Commercial Banks in Nepal. Though management accounting is an emerging discipline of accounting in modern business age, whatever the accounting tools and technique which have been developed are accepted as the inevitable managerial tools, for effective and rational decision making. In this context, an attempt has been made in this thesis to give the clear picture on the present practice of management accounting tools and techniques in commercial Banks in Nepal.

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Researcher

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ABBREVIATION

ABB	=	Activity Base Costing
ABC	=	Activity Based Budgeting
ARR	=	Average Rate of Return
BOK	=	Bank of Kathmandu
BS	=	Bikram Sambhat
CB/N	=	Commercial Banks of Nepal
CFAT	=	Cash Flow After Tax
CVP	=	Cost- Volume-Profit Analysis
CBL	=	Citizen Bank Limited
DHL	=	Direct Labour Hour
EBL	=	Everest Bank Limited
FIFO	=	First in First Out
FY	=	Fiscal Year
GDP	=	Gross Domestic Product
HBL	=	Himalayan Bank Limited
IRR	=	Internal Rate of Return
KBL	=	Kumari Bank Limited
LIFO	=	Last in First Out
LBL	=	Laxmi Bank Limited
MA	=	Management Accounting
NRB	=	Nepal Rastra Bank
NBL	=	Nabil Bank Limited
NPV	=	Net Present Value
NBL	=	Nepal Bank Limited
PI	=	Profitability Index
PSCB	=	Public Sector Commercial Banks
RBB	=	Rastriya Banijya Bank Limited
ROI	=	Return On Investment
ZBB	=	Zero Base Budgeting

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APPENDIX

Research Questionnaires

Dear Sir/Madam,

I would like to introduce myself as the student of Tribhuvan University, MBS (Final Year). In order to fulfill the partial requirement of Master's Degree in Business Studies, I am conducting a research work entitled "A Study on Management Accounting Practices in Nepalese Commercial Banks"

Your small effort can play a vital role in my research, Hence I would be very grateful if you kindly spare few of your busy and valuable time by filling this questionnaires necessary completion my research work. Your views will be purely used for academic purpose only. I anticipate your co-operation and suggestions as soon as possible.

Bhim Raj Karki
Nepal Commerce Campus
MBS final Year
New Baneshwor, Kathmandu

Please Tick () in the box alternatives as response to the following questions

- 1. Would you kindly tick marks which of the following mentioned management accounting tools are practiced in your bank for planning, controlling and decision making?**

Management Accounting Tools

- | | |
|--|-----|
| a) Cost segregation into Fixed and Variable | [] |
| b) Cost Volume Profit Analysis (BEP) | [] |
| c) Flexible Budget and overhead cost control | [] |
| d) Budgeting Annually | [] |
| e) Budgeting Long term | [] |
| f) Responsibility Accounting | [] |
| g) Ratio Analysis | [] |
| h) Cash flow Analysis | [] |
| i) Capital Budgeting | [] |
| g) Pricing Technique | [] |

- 2. If your Bank has not practiced any of the above mentioned tools, what might the reason be?**

- | | |
|------------------------------|-----|
| a) High cost/quite expensive | [] |
| b) Lack of experience | [] |

- c) Not necessary []
- d) If other, please specify.....

3. What technique does the Bank practice to segregate the mixed cost into variable and fixed?

- a) High-low point method []
- b) Regression Method []
- c) Average method []
- d) Analysis method []
- e) If other any, please specify.....

4. What type of budget does your bank practise?

- a) Operational Budget only []
- b) Cash budget only []
- c) Annual Budgeting []
- b) If other any, please specify.....

5. On what basis does your Bank prepare budget?

- a) Based on past budget estimate []
- b) Based on past actual expenses []
- c) Zero based []
- d) Activity based []
- e) If other any, please specify.....

6. What type of budget (on the basis of period) does the bank practise?

- a) Short term budget (up to one year) []
- b) Medium term (one to five years) []
- c) Long term budget (five years and more) []
- d) If other any, please specify.....

7. Who is responsible to prepare the budget in your bank?

- a) Committee []
- b) Planning department []
- c) Finance department []
- d) Outside Experts []
- e) If other any, please specify.....

8. What technique does your bank follow to allocate joint cost?

- a) Sales value method []
- b) Negotiated basis []
- c) If other any, please specify.....

9. Which technique has been practised to forecast the cost and revenues of the bank for the future periods?

- a) Zero based analysis []
- b) Past trend analysis []
- c) Engineering analysis []
- d) Market survey []
- e) Judgment analysis []
- f) If other any, please specify.....

10. While purchasing fixed assets or making the long term investment decision which of the following capital budgeting tools are practised?

- a) Pay Back Period (PBP) []
- b) Average Rate of Return (ARR) []
- c) Net Present Value (NPV) []
- d) Internal Rate of Return (IRR) []
- e) Profitability Index (PI) []
- f) If other any, please specify.....

11. How does your bank adjust for risk while evaluating capital investment?

- a) Sensitivity analysis []
- b) Increase the required rate of return []
- c) Shortened pay back period []
- d) Estimate profitability distribution of future cash flow []
- e) If other any, please specify.....

12. For which purpose does your bank use can flow statement?

- a) Only information about cash receipt or payment during accounting period. []
- b) Only provide information about change in cash position []
- c) Only evaluate liquidity position []
- d) To assist short term planning []
- e) It is prepared only to meet the legal requirement []
- f) To evaluate the operational Activities, Investing activities and financial activities. []
- g) If other any please specify.....

13. What kinds of the ratios are practised by your bank for analysis & interpretation (measure performance) of financial statements?

- a) Profitability Ratios []
- b) Productivity Ratios []
- c) Activity Ratios []
- d) Stability Ratios []
- e) possibility Ratios []
- f) All of the above []
- g) Non of the above []

14. "Responsibilities Accounting refer to an accounting system that provides information to top level management about the performance of an organizational sub-unit" Are you agree with statement?

- a) Yes []
- b) No []

15. How does the bank measures and controls the overall performance at the end of the accounting period?

- a) Profit and loss A/C made by the bank []
- b) Budgetary measure and control []
- c) Standard costing technique []
- d) Flexible budgeting []
- e) Ratio Analysis []
- f) If other any, please specify.....

16. What are difficulties to apply management accounting tools and techniques in your bank?

- a).....
...
- b).....
...
- c).....
...

17. What benefit can be achieved after applying management accountings tools and techniques in your bank?

- a)
- b).....
- c).....

18. According to management philosopher "Management Accounting tools have provided benefit in every aspect of management activities form planning to decisions makings" what's your opinion regarding the same?

- a) Yes []
- b) No []

Name of the Respondent:.....
Designation of the Respondent:.....
Name of the bank:.....