

**MANAGEMENT ACCOUNTING PRACTICES IN NEPALESE  
INSURANCE COMPANIES**

**A Thesis**

**Submitted**

**By**

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### **Certificate of Authorship**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as a part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of this thesis itself has been acknowledged. I certify that all information sources and literature used are indicated in the reference selection of this thesis.

.....

Dilli Ram Lamsal

2<sup>nd</sup> Septmber, 2018

## RECOMMENDATION LETTER

I certify that the Thesis submitted by Mr. Dilli Ram Lamsal entitled “**MANAGEMENT ACCOUNTING PRACTICES IN NEPALESE INSURANCE COMPANIES**” has been prepared as per the format prescribed and approved by the Faculty of Management, Tribhuvan University. This research work is completed under my supervision and guidance. This thesis is the candidate's original research work. I am fully satisfied with the language and substance of this Research submitted to Faculty of Management. To the best of my knowledge, the candidate has fulfilled all the requirement of **Masters of Business Studies (MBS Semester)** degree, Faculty of Management, Tribhuvan University. I, therefore, recommend that this research be considered for the award of master degree.

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## APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**MANAGEMENT ACCOUNTING PRACTICES IN NEPALESE INSURANCE COMPANIES**” Presented by Mr. Dilli Ram Lamsal, a candidate for the degree of **Masters of Business Studies (MBS)** and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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## ABSTRACT

*The current aim of the study is to explore the management accountings tools practiced by insurance companies in Nepal and the impact of management accounting practices on financial performance.*

*The study based on primary as well as secondary data. Primary data were collected through the administration of questionnaires to the staffs in related life insurance firms. First of all collected questionnaire from respondents and calculate in aggregate value and percentage. After that plot this value in different statistical tools like table, graph, and pie-chart and describe the result which is easily understand by every investor and researcher.*

*Finally, the result can be concluded that management accounting tools like Capital Budgeting, strategic analysis were widely practiced in Nepalese insurance companies. Similarly, Cost-volume-profit Analysis, Cash flow statement, Ratio analysis, Responsibility Accounting, Activity Based budgeting were moderately practiced. The other management accounting tools like standard costing and Zero-based budgeting were in practiced by few Nepalese insurance companies. It can also be concluded that the main reason for not practicing standard costing in Nepalese insurance is determination of premium by the insurance regularly board (Beema Sameeti). In the context, insurance companies are independent to determine the price (premium) themselves and are in infant stage with respect to the application of modern management accounting tools.*

## LIST OF ABBREVIATIONS

A. D.	:	Anno Domini
A/C	:	Account
ABB	:	Activity Based Budgeting
ABC	:	Activity Based Costing
AICL	:	Alliance Insurance Company Limited
ALICO	:	American Life Insurance Company Limited
ARR	:	Average Rate of Return
B.S.	:	Bikram Sambat
CAAN	:	Civil Aviation Authority on Nepal
Co.	:	Company
CVPA	:	Cost Volume Profit Analysis
e.g.	:	For Example
EICL	:	Everest Insurance Company Limited
FIFO	:	First in First out
FP	:	Financial Performance
IPO	:	Initial Public Offering
ISO	:	International Organization for Standardization
HGICL	:	Himalayan General Insurance Company Limited
i.e.	:	That is
IMA	:	Institution of Management Accounting
IT	:	Information Techonology
IRR	:	Internal Rate of Return
JVB	:	Joint Venture Bank
LGICL	:	Lumbini General Insurance Company Limited
LICNL	:	Life Insurance Corporation (Nepal) Limited
Ltd.	:	Limited
MA	:	Management Accounting
MAIS	:	Management Accounting Information System
MAP	:	Management Accounting Practices
NAICL	:	National Insurance Company Limited
NBL	:	Nepal Bank Limited
NBICL	:	NB Insurance Company Limited

NICL	:	Nepal Insurance Company Limited
NIL	:	Neco Insurance Limited
NLGICL	:	NLG Insurance Company Limited
NLICL	:	National Life Insurance Company Limited
NLICL	:	Nepal Life Insurance Company Limited
No.	:	Number
NPV	:	Net Present value
PI	:	Profitability Index
PICL	:	Prudential Insurance Company Limited
PICNL	:	Premier Insurance Company (Nepal) Limited
PICs	:	Public Trade Companies
RBS	:	Rastriya Beema Sansthan
Rs.	:	Rupees
SICL	:	Sagarmatha Insurance Company Limited
SICL	:	Shikhar Insurance Company Limited
SIL	:	Siddhartha Insurance Limited
SMEs	:	Small and Medium Enterprises
TOICL	:	The Oriental Insurance Company Limited
UICL	:	United Insurance Company Limited
ZBB	:	Zero Based Budgeting