



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

DEPARTMENT OF ACCOUNTING AND FINANCE

UNIVERSITY EXAMINATIONS FOR DEGREE IN DIPLOMA IN ACCOUNTANCY

BAC 2207: FORENSIC ACCOUNTING

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: NOVEMBER 2024

TIME: 2 HOURS

INSTRUCTIONS:

Answer Question **ONE (Compulsory)** and any other **TWO** questions

Don't Write on this Question Paper

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

Jane, the CEO of Jacktone Ltd has contacted you, a forensic accountant, to perform an analysis of the company as a starting point of an investigation. You have organized the information into the following table:

Jacktone Ltd Financial Statements

Vertical Analysis					Horizontal Analysis	
Balance Sheet	2022		2021		Change	
Elements	Amount	%	Amount	%	Amount	%
Cash	794,304		751,182			
Accounts receivable (net)	5,560,134		7,318,692			
Inventory	2,382,915		2,488,146			
Plant and equipment (net)	7,148,748		6,389,256			
Total assets	15,886,101		16,947,276			
Accounts payable	4,448,109		5,336,037			
Non-current debt	2,856,720		2,809,746			
Common stock	1,590,000		1,590,000			
Paid-in capital	2,384,304		2,384,304			
Retained earnings	4,606,968		4,827,189			
Total liabilities and equity	15,886,101		16,947,276			

Income Statement	2022		2021		Change	
Net sales	979,353		1,376,376			

Cost of goods sold	685,548		853,353			
Gross profit	293,805		523,023			
Selling expenses	88,143		165,165			
Administrative expenses	156,696		137,637			
Net income	48,966		220,221			

Required:

- a) Complete the table above (10 Marks)
- b) Explain the areas, if any, appear to deserve closer examination (10 Marks)
- c) For any areas identified in (b), name two procedures that you could perform to determine whether the area is misstated (10 Marks)

QUESTION 2

- a) Explain any Four challenges faced by evidence analysis (8 Marks)
- b) Describe any three financial evidences that may be collected in case of misappropriation of cash scheme (12 Marks)

QUESTION 3

- a) Describe the contents of a forensic audit report (10 Marks)
- b) Explain Five sources of court exhibits for white collar crimes (10 Marks)

QUESTION 4

- a) Explain any FIVE differences between forensic accounting and fraud examination (10 Marks)
- b) Describe any Five basic knowledge and skills that a forensic accountant must possess in order for them to be efficient (10 Marks)

QUESTION 5

- a) Describe any four data mining techniques used in forensic accounting (8 Marks)
- b) Explain any four practical application of data mining in forensic accounting (12 Marks)