



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

DEPARTMENT OF ACCOUNTING AND FINANCE

UNIVERSITY EXAMINATIONS FOR DEGREE IN DIPLOMA IN ACCOUNTANCY

BAC 2216: FORENSIC ACCOUNTING

MAIN EXAMINATIONS

SERIES: APRIL 2025

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)

Hamisi, the principal owner of Makumi Company, a medium-sized business supplying office equipment to an office supply company in Mombasa, has reached out to you, a forensic accountant, for assistance. Hamisi recently received an anonymous tip alleging that Makumi's financial statements for the year 2022 were fraudulent. As a first step in the investigation, Hamisi has requested you to conduct an analysis of the company. You have organized the information into the following table:

Makumi Ltd Financial Statements

Vertical Analysis					Horizontal Analysis	
Balance Sheet	2022		2021		Change	
Elements	Amount	%	Amount	%	Amount	%
Cash	6,619,200		6,259,850			
Accounts receivable (net)	46,334,450		60,989,100			
Inventory	19,857,625		20,734,550			
Plant and equipment (net)	59,572,900		53,243,800			
Total assets	132,384,175		141,227,300			
Accounts payable	37,067,575		44,466,975			
Non-current debt	23,806,000		23,414,550			
Common stock	13,250,000		13,250,000			
Paid-in capital	19,869,200		19,869,200			
Retained earnings	38,391,400		40,226,575			
Total liabilities and equity	132,384,175		141,227,300			

Required:

- a) Complete the table above (7 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 (8 Marks)
- d) Explain any Five opportunities available in Forensic Accounting (5 Marks)

QUESTION 2

- a) Explain any four forms of disclosure evidence (Exhibits) that can be presented in a financial fraud case before a law court (10 Marks)
- b) Discuss the main elements of a forensic audit report (10 Marks)

QUESTION 3

- a) Explain any FIVE roles of forensic account in Fraud Examination (10 Marks)
- b) Describe the fraud triangle and explain its relevance in forensic accounting (10 Marks)

QUESTION 4

- a) Describe the stages in data mining process (10 Marks)
- b) With help of diagrams, explain any two fraud detection systems (10 Marks)

QUESTION 5

- a) Explain any Four types of electronic and digital data financial evidence (8 Marks)
- b) Describe any three financial evidences that may be collected in case of a fraudulent asset manipulation scheme (12 Marks)