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UNIVERSITY EXAMINATIONS 2023/2024

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR DEGREE OF BACHELOR
OF COMMERCE

BFC 3476: FORENSIC ACCOUNTING

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

On 29th November 2021 there was a fire out break at the premises of Waria enterprises. The whole of stock, purchases and sales journal all got burnt in the fire except for stock worth Sh 24,600 that was in the loading bay even though cleared in by the supplier. However, the sales ledger and the purchases ledger were salvaged. The following figures were available on 30th November 2021:

- Stock at the last statement of financial position date 31st December 2020 was Sh 249,000
- Receipts from debtors during the period to 29th November were Sh 634,900. Debtors were Sh 285,560 on 31st December 2020 and Sh 246660 on 29th November 2021.
- Payments to creditors during the period 1st January 05 — 29th November 2021 was Sh 345400. Creditors were Sh 152,000 on 31st December 2020 and 125,780 on 29th November 2021.
- The gross profit margin on all sales has been constant at 25% All sales were made on credit and all purchases made on credit

Required

- a) Compute the amount of stock destroyed by fire on 29th November 2005 (10 marks)



- b) During an interview you are asked what distinguishes fraud auditors from financial statement auditors. How would you respond? (10 marks)
- c) Critically review the fallacy that, "The more fraud auditors can learn to think like thieves, the more effective their efforts will be in detecting fraud". Clearly indicating the key skills and competencies required of a forensic accountant. (10 marks)

QUESTION TWO(20MARKS)

- a) Discuss the profiles and motivations of fraudsters in a computerized environment. (10marks)
- b) Develop an audit checklist to detect or prevent fraud in a payroll section (10 marks)

QUESTION THREE(20MARKS)

- a) One technique of detecting anomalies in data is through the use of analysis. Explain various tools available for analyzing data. (10 marks)
- b) Develop an audit checklist to detect or prevent physical access to computers (10marks)

QUESTION FOUR(20MARKS)

- a) Highlight the main processes in money laundering (10 Marks)
- b) Explain computer fraud mentioning various examples. (10 marks)

QUESTION FIVE(20MARKS)

- a) Discuss the Impact of technology on Fraud Prevention and Detection (10 marks)
- b) Describe at least 10 Types of inventory fraud (ways of perpetrating inventory fraud) (10 marks)

