



MURANG'A UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF COMMERCE

COURSE CODE: HBA2404

COURSE TITLE: FORENSIC ACCOUNTING

DATE : 21ST APRIL 2016

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer ANY other TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 3 Printed Pages. Please Turn Over. ►

QUESTION ONE

- a) “A Forensic Accountant must not commit an offence as he/she discharges his/her duties”. Discuss how the Auditor would be deemed to have committed an offence as he/she discharges his/her duties. (10 Marks)
- b) “A fish rots beginning from the head”. Explain the management culture that hints a possibility of a high/low fraud potential. (10 Marks)
- c) Discuss areas that the management has been given freedom by the Generally Accepted Accounting principles (GAAP) to enable the organizations to prepare and present authentic financial accounting statements. (10 Marks)

(Total:30 Marks)

QUESTION TWO

- a) Highlight the various revenues and receivables accounting abuses in the financial statements. (10 Marks)
- b) Discuss the various investigative approaches and techniques in relation to forensic Accounting. (10 Marks)

(Total :20mks)

QUESTION THREE

- a) Money laundering is thriving especially in many developing countries.
- i. Define “Money laundering”. (2 Marks)
 - ii. Explain the circumstances that promote its spread. (4 Marks)
 - iii. Suggest the impact of Money laundering on the financial statements of a company. (4 Marks)
- b) Discuss the pros and cons of computerized data mining procedures. (10 marks)

(Total :20mks)

QUESTION 4

- a) Highlight the Auditor’s responsibility in relation to detection and prevention of errors and frauds. (10 Marks)
- b) “Accounts must communicate transparently both the substance and the effect of any accounting transaction.”

In regards to this statement indicate how related parties transactions manifest themselves in the in the process of accounting and suggest how a Forensic Accountant can deal with the cases of related parties transactions as they arise

.(10 Marks)

(Total :20mks)