



**IV Semester M.Com. (FA) Examination, August/September 2025
(CBCS) (2021-22)**

FINANCIAL ANALYSIS

4.4 : Forensic Accounting and Audit

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. ($7 \times 2 = 14$)
 - a) How do forensic accounting differs from financial accounting ?
 - b) Define fraud from accounting view point.
 - c) Give the meaning of forensic audit.
 - d) Can an auditor do forensic audit ? Yes or No. Explain.
 - e) Why a fraud is said Cyber fraud ?
 - f) Give an accounting fraud that has happened in a company that you are aware.
 - g) What is meant by fraud risk from a company view point ?
 - h) What are Red flags ?
 - i) What is profiling of fraudsters ?
 - j) Give the meaning of securities fraud.

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. ($4 \times 5 = 20$)

2. Explain insurance fraud, consumer fraud, bank fraud and corporate fraud with real life examples.
3. Describe the fraud detection techniques.
4. Briefly explain organisational profiling methods.
- 5.. State the requirements of professional forensic accountant.
6. Discuss the fraud cycle.
7. Write a note on behaviour of fraudsters.



SECTION – C

Answer any two questions out of four. **Each** question carries **twelve** marks. **(2x12=24)**

8. Describe the role of forensic accountant and auditor in finding the root cause of fraud and controlling frauds in globalised world.
9. Describe the risk assessment factors and fraud risk prevention methods. Explain with cases.
10. Explain the forensic audit procedure and how technology supports forensic auditors.
11. Write a note on :
 - i) Revenue recognition detection with example.
 - ii) Target of fraudsters and green flag.

SECTION – D

Compulsory skill based question on subject.

(1x12=12)

12. Brother and sister started a small printing business. Business is going on smoothly and they developed an excellent relationship with their bank. They live in own house. They had a large loan to start the business, and had various lines of credit. Initially, sister maintained accounting books. The business grew and prospered, they decided to hire a bookkeeper so the sister could spend more time for creating more value by marketing the business.

They hired a 45 years old divorced woman for bookkeeping. The bookkeeper is excellent; books were always in maintained properly. Sister felt easy to work with. Bookkeeper is excellent, so the responsibilities were gradually increased and she became controller with a suitable salary and bonuses. Since the bookkeeper is excellent, the owners permitted her to write checks, which would be signed by the Brother or Sister.

Unfortunately, owners' trust and closeness with the bookkeeper blinded them and made them careless. They gave permission to keep amount, banks account details and cheque-book with the bookkeeper. However, bookkeeper waiting for the chance to make her life good. She started to forge the owner's signature on cheque and hid them from the owners. While paying legitimate business payables, she also paid her own credit card bills. Owners did not notice this and this continued for four years and almost Rs. 2.50 crore.



Ultimately, the bookkeeper was taking more money than the company had coming in, generating overdrafts. Bookkeeper realised she could not repair the damage and suddenly she disappeared one day. On same day the bank's relationship officer called the owners to discuss the overdrafts and huge pending non-sufficient funds (NSF) fee Rs.75,000 in the past month alone. Owners investigated and found bank had honored cheques with forged signatures. They filed a case on bank asking to refund the NSF fees and the OD amount withdrawn by the bookkeeper. The bank asserted it was up to all customers to be aware of the usual disclaimers and that it is due to the negligence of customers by limiting liability for forged cheque to one year and even then only if the customer identified the cheques and signed a forged cheque affidavit.

Required :

- 1) What could be the reason for financial fraud by bookkeeper ?
 - 2) Filing case by owners on bank is right ? Justify your answer.
 - 3) What may be the arguments of the company and bank in court and what is the expected judgement ?
 - 4) How such frauds can be minimised ?
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