

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
DEPARTMENT OF INTELLIGENCE AND SECURITY STUDIES
BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCIAL INTELLIGENCE

 **JUN 2024**

COURSE : PRINCIPLES OF FINANCIAL INTELLIGENCE 2
COURSE CODE : FI 202
TIME ALLOWED : 3 HOURS
TOTAL MARKS : 100

INSTRUCTIONS TO CANDIDATES

- 1. Answer question 1 and any three other questions**
- 2. Each question carries 25 marks**
- 3. Cell phones are not allowed into the examination room**
- 4. Begin each fresh answer on a new page**

QUESTION 1 (COMPULSORY)

You have been asked to look into the affairs of JOSHMAT Private Limited, a firm which started operations in January 2016. An auditor provides you with the following information, which was extracted from the published financial statements;

	2018	2017	2016
Current ratio	5:1	1:2	2:2
Debt to equity ratio	15%	45%	50%
Profit margin	40%	30%	20%
Receivables	\$25 000	\$26 000	\$24 000
Bank	(\$200 000)	\$200 000	\$250 000

You do your background research and discover the following facts;

- The financial statements were published on the 28th of February 2019.
- The notes to the financial statements only pertained to the following: the accounting policy; revenue; property plant and equipment; and taxation.
- The macroeconomic conditions remained constant during the three year period.
- There was a slight decline in JOSHMAT's Private Limited's market share during the 2018 financial year.
- A major customer, Mr Bans, who owed JOSHMAT Private Limited a total of \$60 000 was declared insolvent on the 2nd of January 2019.
- There was a break in and almost half of the inventory was stolen from the warehouse on the 2nd of January 2018.
- The major supplier, Mrs Patty is closely related to the managing director of JOSHMAT Private Limited.
- Management is contemplating borrowing from a leading local commercial bank during the first quarter of 2019.

Required

- a) Provide evidence of fraudulent activities at JOSHMAT Private Limited (15)
b) Highlight the substantive procedures that you will perform on the following elements of financial statements;

- i) Inventory (5)
ii) Receivables (5)

[TOTAL: 25 Marks]

QUESTION 2

Define the following terms:

- | | |
|-------------------------|-----|
| a) Financial crime | (5) |
| b) Forensic audit | (5) |
| c) Corporate governance | (5) |
| d) Occupational fraud | (5) |
| e) Procurement fraud | (5) |

[Total :25 Marks]

QUESTION 3

Analyze the fraud risk assessment process.

[25 Marks]

QUESTION 4

Examine the role of technology in financial crime detection and prevention.

[25 Marks]

QUESTION 5

Discuss the importance of corporate governance in procurement.

[25 Marks]

QUESTION 6

Evaluate the effectiveness of digital evidence in the prosecution of white collar criminals. **[25 Marks]**

End of Paper