BRENTWOOD
OPEN LEARNING COLLEGE

Student Name:	VIRGINIA MWANZA
Student Number:	2632
Course:	DIPLOMA IN FORENSIC ACCOUNTING
Assignment NO:	427610770

CHAPTER 2 ASSIGNMENT ANSWERS

1. **Give short answers for the following questions: (8)**

   i. **In what way do the effects of crime influence economy?**

      ✓ *It affects the economy on micro(small scale i.e business and corporates) and macro which is at large scale, has an impact on the society and communities*

   ii. **How does crime costs the economy and tax payers?**

      ✓ *Crime costs the economy and tax payers through abuse of public resources which earned by taxpayers. For instance diverting medicals meant for public hospitals to private hospitals*

   iii. **What is 'Arson'?**

      ✓ *intentional, deliberate and malicious setting fire to buildings, and other property with the intent to cause damage.*

   iv. **What is money laundering? Point out some activities which could encompass money laundering**

      ✓ *This is when a business or someone conceal gains from unlawful activities and make them appear like the proceeds are from a legitimate source.*

2. **What do you understand by the term 'embezzlement'? Why it is considered a financial crime?**

- ✓ *This is an act of diverting or misappropriating funds by an employee to whom the assets were entrusted for a specific purpose. Embezzlement is considered as a financial crime since it involves misrepresentation of finances which leads to loss of money or property. For instance when a waiter doesn't record the sale of a meal, takes cash to his pocket and yet gives out the meal to a customer. In this case the employer will have lost the revenues from the meal sale.*

3. **What is forgery? And what is the difference between forgery and uttering?**
   - ✓ *Forgery involves adapting, imitating documents which an intention to deceive or harm somebodys rights. Forgery is different from uttering because forgery involves imitating someones signature on adocument e.g cheques while Uttering is the act of knowingly using the forged document for personal benefits. For example depositing afake cheque in ones personal account, presenting a afake document to claim insurance compesations and also presenting a forged in court as support evidence.*

CASE STUDY

4: Outline the basic steps involved in fraud investigation.

Answer:

Based on the above case, what do you think that the forensic accountant would have assessed to get to know the actual facts about the monies? And how he was able to conclude that the husband and wife must have had access to unidentified sources of income?

- ✓ *Firstly the accountants should have gotten the bank statements to see the cash flow trends interms of volume and frequency.*

- ✓ *Ask the source of the monies by checking their reports i.e sales reports, pay slips if it was salary income.*
- ✓ *Check their lifestyle this will show what kind of people they are if they are prone to illegal dealings by checking their assets, expenditures and income*
- ✓ *Check for more bank accounts aside the one being audited*

The accountant was able to conclude that the couple must have unidentified sources since the couple refused to disclose the source of other income and it was clear the couple were spending more than what they were receiving as income.

Student Statement:

By submitting this assignment, I confirm that this is my own work.

Student Signature	VIRGINIA MWANZA	Date	3.10.2016

For Tutor / Assessor Use Only

Total Marks	
Marks Obtained	
Percentage / Grade	