



## FORENSIC SERVICES

At Friend Partnership we provide expert forensic accounting and litigation support services to our clients and network of intermediaries. We have extensive experience investigating individuals, businesses and partnerships.

### When forensic accounting is required

Forensic accountancy services are invaluable in situations where there is an indication of fraud, or where two or more parties disagree on the value of assets in which they share a common interest.

### Examples of forensic accounting

- Investigating accounting entries to identify and quantify fraudulent activity
- Establishing the value of assets held by individuals involved in a divorce
- Tracing and quantifying undeclared assets held by individuals and businesses
- Determining whether investment monies into a business have been utilised in the agreed manner
- Providing advice in relation to litigation and expert witness cases
- Performing company valuations to determine the value of individual shareholders' investments.
- Reviewing time and financial records to establish whether individuals were fulfilling their contractually agreed commitments to a business

### Our experience

We have a very high level of expertise when faced with the inherent complexities involved in performing forensic accounting activities.

The partners and individuals within our forensic accounting team have decades of combined experience. We utilise a number of specialist technical skills to perform our duties quickly and to a very high standard.

We dedicate ourselves to strict attention to detail by examining detailed accounting records to identify and trace unusual entries. We also utilise complex analytical review procedures to identify unusual trends in activity. These help pinpoint the timing of unusual transactions and enable us complete our work quickly, efficiently, accurately and for considerably lower cost than many of our competitors.

We work closely with other advisors and the key stakeholders to ensure that all parties are kept apprised of our progress on a regular basis and to ensure that the scope of work remains relevant and on-track.

In cases where disputes progress to litigation, we have considerable experience in assisting this process. Our partners have been praised by judges for the quality of their advice and their skill as expert witnesses and we provide CPR compliant reports for the purposes of expert witness testimony.



## Case studies

### Divorce

A business was jointly owned by a husband and wife team who were divorcing. The wife had ceased her day-to-day involvement in the business and the husband had agreed to buy her shares as part of the divorce settlement.

A valuation (performed by other accountants) had provided a considerably lower value of the business than the wife expected and the matter was referred to us for investigation.

Our work proved that the current year and forecast profits showed a significant decrease on previous years, with no discernible change in the business operations.

We identified that unusual accounting entries had been processed including overstated depreciation, increased salary payments to the husband and excessive provisions against liabilities.

We removed the effect of these unwarranted expenses and accounting entries and reperformed the business valuation exercise. Our work resulted in significantly higher price per share being paid to the exiting party.

*“a highly competent accountant and suitable tax adviser who would have provided appropriate advice if he had been instructed rather than the Defendants in the first place.”*

Birmingham High Court judge, in reference to Friend’s senior tax and litigation consultant Frank Upton

### Partnership dispute

We were engaged to investigate a partner in a GP practice, being accused by other partners of failing to meet his practice commitments in order to perform lucrative private healthcare work.

The frequent absence of this doctor meant that the practice had to use locum physicians as cover and this had caused significant additional costs to the practice over the last 3 years.

We thoroughly investigated the accounting records of the practice and examined the doctor’s personal and patient diaries to establish his actual commitment to the practice.

Our work enabled the other partners in the practice to reduce the errant doctor’s profit share, and to recover considerable value of excessive locum fees.

### Fraud

We were engaged by a major high street bank to investigate how £6m of senior debt lending to fund the building a supermarket had actually been utilised by the shareholders of the business.

Through very detailed work, we established that the money had, in part, been used to fund the construction of the store, but that many of the invoices which were purported to relate to the construction were false. We traced the payment of these invoices to shareholders’ bank accounts.

In addition to the fraud on the construction costs, the shareholders also claimed that the business was unable to keep up to date with debt repayments due to poor trading. Our forensic work established that the trading activity was actually sufficient to fund the debt repayments. The cash shortfall within the business was actually due to significant unrecorded cash withdrawals from the tills by the shareholders.

We quantified the value of misappropriated loan capital, allowing the bank to pursue the shareholders for repayment of these funds. We also established that the business was capable of repaying the bank debt once the practice of withdrawing cash from the tills was halted.



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Friend Partnership is a forward-thinking firm of accountants, business advisers, and corporate finance and tax specialists. Based in Birmingham, in the heart of the UK, we act for entrepreneurial businesses and successful individuals on a national and international basis.

