



CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS
A1.1: STRATEGY AND LEADERSHIP
DATE: MONDAY 25, AUGUST 2025

INSTRUCTIONS:

1. Time Allowed: **3 hours 45 minutes** (15 minutes reading and 3 hours 30 minutes writing).
2. This examination has **two** sections: **A & B**.
3. Section **A** has **one Compulsory Question** while section **B** has **three optional questions** to choose any **two**.
4. In summary attempt **three questions**.
5. Marks allocated to each question are shown at the end of the question.

SECTION A

QUESTION ONE

SARURA Ltd – Brewing Rwanda’s Coffee Future

Background and Business Overview

SARURA Ltd is a growing Agro-processing Small and Medium-Sized Enterprise (SME) located in Musanze District, Northern Province of Rwanda. The company was founded in 2019 by Jean-Claude Ndayambaje, a young entrepreneur with a passion for building a recognizable Rwandan coffee brand rooted in quality, sustainability, and community empowerment. SARURA Ltd specializes in processing and packaging premium-grade Arabica coffee, sourced from smallholder farmers situated along the fertile slopes of the Virunga mountains.

Since its inception, SARURA Ltd has grown significantly, expanding from a small founding team of five to over 40 employees. It now works with more than 600 smallholder coffee farmers, offering them training, technical support, and fair pricing. The company’s mission has attracted a motivated, youthful team that shares the founder’s vision for transforming Rwanda’s coffee industry.

Market Reach and Products

SARURA Ltd serves both the domestic Rwandan market and the broader East African Community (EAC). The company sells roasted coffee beans and ground coffee to local supermarkets, coffee shops, and corporate clients. More recently, SARURA Ltd has ventured into digital commerce, launching a product called “Virunga Gold – Single Origin Roast.” This specialty coffee is sold online through SARURA Ltd’s website and other select e-commerce platforms, targeting urban, middle-income consumers in Kigali and Nairobi.

The company’s entry into e-commerce was driven by growing demand among young professionals for ethically sourced and conveniently delivered specialty coffee. Although the product has gained popularity among niche buyers, SARURA Ltd has encountered challenges in maintaining competitive pricing, managing delivery logistics, and sustaining online customer engagement.

Strategic Aspirations and Challenges

Jean-Claude has expressed an ambitious vision to transform SARURA Ltd into a regional leader in specialty coffee by the year 2030. He has articulated several informal aspirations, including doubling revenue within three years, increasing the number of farmers in the supply chain to 1,500, expanding operations into at least two additional EAC markets, investing in solar-powered processing infrastructure, and obtaining international quality certification for SARURA Ltd’s products.

Despite these ambitions, SARURA Ltd does not currently have a formal strategic plan or documented performance targets. The company lacks clearly defined key performance indicators, and goal tracking is inconsistent. While Jean-Claude’s energy and commitment continue to drive the business forward, the absence of structured planning and monitoring systems is becoming increasingly evident as the company scales.

Competitive Context

Rwanda's coffee sector is known globally for its high-quality beans, and the country enjoys natural advantages such as high altitudes, rich volcanic soil, and favourable growing conditions. Over the past decade, both government and private sector actors have invested in positioning Rwandan coffee as a premium product in regional and global markets. The availability of certification bodies, processing facilities, and marketing initiatives has improved, offering a supportive ecosystem for specialty coffee businesses.

Within the EAC region, however, Rwanda faces competition from some neighbouring countries such as Uganda, Kenya, and Tanzania, all of which produce larger volumes of coffee and have well-established supply chains. Nevertheless, Rwanda's smaller size is often offset by the high quality and consistency of its beans, which are increasingly sought after by discerning customers. A growing urban middle class in East Africa is also creating new demand for specialty and value-added coffee products.

Despite the potential, SARURA Ltd continues to face challenges, including limited access to affordable finance, rising input and transport costs, and logistical barriers to cross-border trade within the region. Additionally, the company remains vulnerable to fluctuations in global coffee prices and seasonal labour shortages during peak harvest periods. Jean-Claude is aware of these realities and is keen to explore how SARURA Ltd can harness its local strengths to gain a sustainable competitive edge in the region.

Organisational Culture and Leadership Style

SARURA Ltd's internal culture is informal, energetic, and mission-driven. The founder promotes values such as transparency, quality, and inclusion. Most employees are under the age of 35 and are motivated by the company's social mission, particularly its emphasis on farmer empowerment and ethical trade. Employees are encouraged to participate in community activities and contribute ideas to product development and branding.

As SARURA Ltd expands, the company is beginning to experience growing pains. Several recently appointed middle managers report confusion about decision-making authority and role clarity. There are no documented Human Resource (HR) policies, performance frameworks, or formal onboarding procedures. Informal communication and reliance on Jean-Claude's direct involvement have created bottlenecks in operations.

Some staff members have expressed concerns about favouritism, and there has been a noticeable rise in turnover among processing workers. Although Jean-Claude remains highly approachable and passionate, his tendency to be involved in every aspect of the business has made it difficult to establish clear lines of accountability. There is a perception that the company continues to prioritize culture and values, sometimes at the expense of structured performance management.

Digital Sales and Pricing Decisions

The launch of SARURA Ltd's "Virunga Gold – Single Origin Roast" online has opened up a promising new sales channel. The 250g pack is priced at FRW 7,500 on SARURA Ltd's website, a figure that includes delivery costs and premium packaging. The pricing reflects the brand's emphasis on quality, traceability, and sustainability.

As the company grows its digital footprint, it faces increasing competition from other coffee brands offering lower-priced alternatives on platforms like Jumia and Glovo. Some members of SARURA Ltd's management team argue that the company should maintain its premium pricing strategy and differentiate through storytelling, brand loyalty, and superior quality. Others suggest that SARURA Ltd should adjust its prices downward or introduce promotional offers to attract more price-sensitive customers.

Marketing staff have proposed creative pricing models, including bundled packs, referral discounts, and subscription plans. The finance team, however, cautions that reducing prices without lowering costs may threaten the company's already slim margins. This debate is ongoing, and the leadership team is expected to make a decision ahead of the next product cycle.

Required:

- a) Based on the case study and the company's growth stage and strategic aspirations, **propose SIX (6) appropriate objectives that SARURA Ltd should adopt over the next two years.**
(14 Marks)
- b) Using Porter's Diamond Model and with the help of specific examples drawn from the case study, **evaluate the extent to which SARURA Ltd can build on Rwanda's home-based advantages to create and sustain a competitive advantage in the regional specialty coffee market.**
(12 Marks)
- c) Considering information in the case study, **discuss the pricing strategy SARURA Ltd should adopt for "Virunga Gold – Single Origin Roast".**
(10 Marks)
- d) **Examine to what extent the company's leadership balances attention to cultural values with consideration to business performance and suggest practical ways in which SARURA Ltd can improve the management of its organizational culture as it grows.**

(14 Marks)

(Total: 50 Marks)

SECTION B

QUESTION TWO

Association of Motorcyclists in Rwanda (TAMR)

As part of the government initiatives of fighting poverty and unemployment, a donation was received from the World Bank to the Ministry in charge of finance. The fund has been allocated to various projects and agencies including the Association of Motorcyclists in Rwanda (TAMR) who received FRW 200M. TAMR has its head office in Kicukiro district and employs 20 full time staff. The objective of this fund is to tackle the issue of unemployment that has ravaged youth by specifically buying motorcycles that should be distributed to unemployed individuals in Nyamabuye sector who have valid riding licences and are 30 years of age and above.

TAMR vision is to be the leading umbrella association in the country that protects and supports the interests of motorcyclists in the country. Their mission is to be an important part of the transport eco-system by providing cheap and environmentally friendly rides. As part of TAMR's strategy for the coming year, they are looking at partnering with motorcycle importers and dealers within the country to see how they can start purchasing electric motorcycles which are believed to contribute towards the reduction of green gas emissions when compared to the usual motorcycles. An official from the Ministry welcomed this idea and promised their continued support should this strategy get implemented. He further requested that, once implemented, they would wish an evaluation is carried out to check its effectiveness, and that, they would be ready to provide the needed support in addressing any potential challenges that TAMR would have encountered.

The sector authorities have already registered qualifying individuals and a list has been shared with TAMR with 66 beneficiaries. Everyone that qualifies will have to sign a contract, get the motorcycle, and immediately start working; with the full repayment of that loan amount expected in 2 years. It is budgeted that each motorcycle will cost around FRW 3,000,000. After the 2 years when the initial beneficiaries will have repaid the loan, that same money shall be used to purchase another round of motorcycles in another sector that will be communicated after a survey that the Ministry would have commissioned.

TAMR were requested to lead this project but unfortunately its Chief Executive Officer (CEO), Mrs Annet Kayitesi, claimed that she does not know how to manage a project. Authorities from the Ministry ordered that since TAMR are one of the project stakeholders, they must ensure that this project succeeds. The CEO arranged for a senior staff meeting to brief them about this initiative. During the meeting, the Operations Director, Mr Fred Nkusi promised to provide his support as he understands project management processes that would contribute towards making this project successful.

To successfully implement this project, it is required that TAMR shifts from Kicukiro district to Nyamabuye sector, in Muhanga district. When the CEO communicated this to staff, majority of them refused, citing various reasons as to why they will not be able to relocate to Nyamabuye sector. A week after the meeting 5 staff submitted their resignations and yet they were among the project team members with direct roles and responsibilities in implementing the motorcycle project.

Required:

- a) You have been contracted by TAMR to act as their Change Manager. **Explain to the management of TAMR the circumstances under which an organisation may be required to build and deliver effective change strategies.** (2 Marks)
- b) **Explain FIVE (5) steps that would be considered by TAMR to effectively implement the required change process.** (5 Marks)
- c) **Describe NINE (9) key components of a project management process which the TAMR's Operations Director should consider ensuring the project is successfully implemented.** (9 Marks)
- d) TAMR is considering replacing fuel motorcycles with electric ones, and this move is highly welcomed by the Ministry authorities. To further render their support, they wish this strategy gets evaluated. Using appropriate and relevant examples, **discuss how TAMR would ensure an effective evaluation of this strategy to ensure that the Ministry continues to support them.** (9 Marks)

(Total: 25 Marks)

QUESTION THREE**YAKA Group – Fashioning Value in a Competitive Market**

YAKA Group is a Kigali-based fashion retail holding company with a strong national presence across Rwanda. Founded in 2013, YAKA Group has grown into one of the country's most recognizable names in clothing and fashion accessories, with over 25 retail outlets countrywide. The group oversees several distinct fashion business units, each operating under its own brand identity, including YAKA Basic, YAKA Luxe, YAKA Teens, and YAKA Sport. These units serve different demographic and economic segments, ranging from mass-market shoppers to style-conscious professionals.

YAKA Group's corporate headquarters handles core functions such as strategic planning, shared marketing services, centralized procurement, and supply chain operations. The Group also oversees major hiring, financial management, and brand collaborations across all business units. Each unit is headed by a Brand Manager with commercial autonomy but receives functional support and policy guidance from the parent company. The Group believes that leveraging shared platforms and promoting collaboration between units is key to driving efficiency and growth across the portfolio.

Strategic Ambitions

YAKA Group's strategic ambition is to remain the market leader in Rwanda's fashion retail sector while expanding into selected East African markets over the next five years. As part of this vision, the Group aims to improve margins through economies of scale, introduce data-driven stock and pricing systems, and create a seamless omni-channel shopping experience across its brands. The group's management believes that by combining central coordination with brand-specific innovation, it can outperform stand-alone competitors and reduce duplication of effort.

Product Positioning and Market Strategy

The Rwandan fashion retail market is highly competitive, with a growing number of local and international players entering both physical and online channels. In this space, YAKA Group operates two flagship product lines that follow distinct strategies:

- **YAKA Basic** is the Group's low-cost, high-volume clothing line targeting price-sensitive consumers such as students, low-income earners, and rural populations. The brand focuses on affordability, simplicity, and accessibility. Products are distributed through retail outlets and pop-up stores, often promoted during seasonal sales campaigns.
- **YAKA Luxe** is positioned as a premium fashion brand catering to affluent urban customers who value exclusivity, style, and quality. The line features designer collaborations, limited editions, and higher-end fabrics. YAKA Luxe sells through curated outlets in Kigali and has a growing online following.

Balancing the needs of these different market segments while maintaining profitability has become a strategic imperative for YAKA Group.

Required:

Based on information in the case study:

- a) **Identify which type of corporate parenting role YAKA Group is performing. Justify your answer with evidence.** (4 Marks)
 - b) **Discuss value-adding activities that YAKA Group, as a corporate parent, performs to support and strengthen its individual business units.** (8 Marks)
 - c) **Using the strategy clock framework, identify the appropriate strategic position for YAKA Basic and YAKA Luxe and explain the key drivers YAKA Group should focus on to succeed in each brand category.** (13 Marks)
- (Total: 25 Marks)**

QUESTION FOUR

Nyandungu Tech Limited (NTL) and Nyamata Investments Limited (NIL):

Nyandungu Tech Limited (NTL) is a technology-based company offering a range of cloud engineering and consultancy services across Rwanda, Uganda, Tanzania, and Kenya. The company's strategy recently has been to mainly offer Digital Transformation Services with best-in-class Cloud Solutions.

NTL has recently secured a project to deploy cloud applications (or software-as-a-service) to Nyamata Investments Limited (NIL) in its quest to transition to cloud-based applications. Mr Mugire Jamal, the project manager for the NIL project has outlined a breakdown of key tasks for the project in team. These are demonstrated in table 1 below:

Table 1: A breakdown of key tasks for the NIL project

Core Task	Sub-tasks
Core configuration	Data model and custom fields
	Contact management configuration
	Customisable menus
Area specific configuration	Incident workflow
	Designing Workspaces
	Building Service Cloud Agent scripts
Enablement	Solution overview demos
	Workflow workshop for admins
	Train the trainer sessions for each area
Deployment of Agent desktop	Deployment test use on Citrix
	Deployment Nyamata
	Deployment Kigali

NIL got new management recently to advance technology-wise as the board believed that the company's previous management was not ambitious enough in its adoption of information technology in its operations. NIL's board chair was quoted saying the following in his inaugural keynote speech while welcoming the new management:

'Information Technology (IT) plays a crucial role to our company from a current and future perspective. You must embrace it in all our operations and accord it the strategic significance it deserves to improve competitive advantage.'

The new management's mandate as described by the board is to ensure that NIL's market share increases by 30%. However, the challenge faced by the new management is that the board is not keen on developing new products. The board believes that the company is constrained financially, and it is feasible to invest in new products. Further, the board believes that NIL has potential for growth with the existing products.

Required:

- You are a project officer in NTL. Using an appropriate diagram, **illustrate the key tasks in table 1 on a Work Breakdown Structure.** (12 Marks)
- Applying the McFarlan & McKenney Strategic IT Grid, **examine the quote from NIL's board chair's inaugural keynote speech.** *Hint: Your answer should clearly indicate where NIL falls on the Strategic IT Grid and why.* (7 Marks)
- With reference to the Ansoff Matrix, **identify and discuss NIL's strategic direction.** (6 marks)

(Total: 25 Marks)

End of Question Paper