



CERTIFIED PUBLIC ACCOUNTANT ADVANCED LEVEL 1 EXAMINATIONS

A1.1: STRATEGY AND LEADERSHIP

DATE: MONDAY 25, MAY 2026

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.**
- 6. The question paper should not be taken out of the examination room.**

SECTION A

QUESTION ONE

GWANDALAND

Gwandaland is a country with a rapidly growing economy, and one of the key drivers of its economic success is the automobile manufacturing industry. In recent years, several domestic and international automobile manufacturers have established operations in the country, contributing significantly to industrial growth and employment.

Several favourable conditions support the development of the automobile manufacturing industry in Gwandaland. The country has a well-educated and skilled workforce, particularly in engineering and manufacturing disciplines. In addition, it has access to essential raw materials such as steel and plastics, which are critical inputs in automobile production. The government has also invested heavily in transportation infrastructure, including highways, ports, and rail systems, which facilitate efficient movement of goods and reduce logistics costs.

Domestic demand for automobiles has been steadily increasing. Rising income levels have led to the growth of a middle class with greater purchasing power. Increased urbanisation has also contributed to higher demand for personal vehicles. Furthermore, the government has implemented policies aimed at encouraging domestic consumption of locally manufactured automobiles.

Gwandaland has also developed a strong ecosystem of related and supporting industries. Local suppliers provide components and parts to automobile manufacturers, helping to reduce production costs and improve efficiency. In addition, research and development centres collaborate with manufacturers to support innovation and product improvement. Vocational and technical institutions offer specialised training programmes that ensure a continuous supply of skilled labour to the industry.

The competitive environment within the industry is intense. Both domestic and international firms operate in Gwandaland, leading to strong rivalry. Firms continuously invest in innovation and adopt new technologies in order to gain a competitive advantage. Many companies also export their products to international markets, contributing to the country's economic growth.

Despite these strengths, concerns are emerging regarding the long-term sustainability of the industry. Rising labour costs, increasing environmental regulations, and global shifts towards electric vehicles (EVs) are placing pressure on firms to adapt their strategies. In addition, the industry remains vulnerable to fluctuations in global oil prices and economic downturns in key export markets, which may negatively affect demand and profitability.

VUMBA HANO LTD'S (VHL) RESOURCES

Vumba Hano Ltd (VHL) is a medium-sized technology company specialising in software development and IT services. It operates in a highly competitive and rapidly evolving industry where innovation, technological capabilities, and talent management are critical for success.

VHL possesses several strong internal resources. The company employs a team of highly skilled software engineers and developers sourced from leading universities. It also has experienced project managers with a strong track record in delivering complex projects. In addition, VHL promotes a diverse and inclusive workforce, which supports creativity and innovation.

Financially, VHL is in a strong position. Its financial statements over recent years show consistent profitability and healthy cash reserves. The company also has access to venture capital funding, enabling it to invest in new projects and growth opportunities.

VHL has invested in advanced technological resources, including proprietary software development tools, patented algorithms, and state-of-the-art data centres located near major customer markets. These resources enhance operational efficiency and support the development of innovative solutions.

Despite these strengths, VHL faces several challenges. The company has struggled to retain top talent, leading to workforce instability and disruption in project delivery. In addition, VHL lacks formal contingency plans to address risks arising from market volatility and economic downturns.

Furthermore, VHL has primarily operated in the domestic market and has a limited global presence. It has also been slow to diversify its service offerings across different markets, which may constrain its long-term growth and competitiveness.

KARAMBO FINANCE LIMITED (KFL)

Karambo Finance Limited (KFL) is a saving and credit company located in Karambo sector. Ms Valentine Mahoro is a Credit Analyst, who has been working with KFL for the past 10 years.

Over the course of her ten-year tenure with the company, she has been involved in several disciplinary cases that have raised significant concerns. These incidents include:

1. **Case 1 (05 November 2014):** On this date, she was issued a written warning for consistently failing to meet project deadlines. Despite repeated discussions and coaching, her inability to deliver projects on time has negatively impacted KFL's clients and the overall team's performance. This warning letter was signed by Mr Liam Nkuranga, the company's Chief Executive Officer (CEO).
2. **Case 2 (15 August 2020):** In this case, she was involved in a verbal altercation with a colleague, Mr. John Karangwa. Her behaviour during this incident violated the company's code of conduct, which emphasizes respectful and professional communication in the workplace.
3. **Case 3 (20 May 2023):** Most recently, it was discovered that she handled private client information improperly, in violation of the company's data security policy. This breach of trust has had serious repercussions for KFL's clients and the company's reputation.

KFL is committed to maintaining a professional and respectful work environment and has a zero-tolerance policy for behavior that violates its policies and code of conduct. KFL's policies suggest that repeated disciplinary cases by a staff member results in issuance of a final warning. Any further misconduct or violation of company policies results in more severe consequences, including the possibility of termination of the employment contract.

When a final warning letter is issued, it is placed in their personnel file and will remain there for a duration of 12 months. During this time, that staff's conduct and performance is thoroughly monitored.

Required:

- a) Using Porter's Diamond framework, analyse the competitiveness of Gwandaland's automobile manufacturing industry. (18 Marks)
- b) Using the Resource Audit framework, analyse VHL's human, financial, technological, and intangible resources, and evaluate how these contribute to its capabilities and overall competitive position. (16 Marks)
- c) With reference to Ms Valentine Mahoro's disciplinary cases and KFL's policies, draft a final warning letter to be sent to Ms Valentine by the company's CEO on December 1, 2023. (16 Marks)

(Total: 50 Marks)

SECTION B

QUESTION TWO

TUNGA Company Limited is a Rwandan-based company operating in the cement production industry. Founded over two decades ago, TUNGA has steadily grown to become a significant player in Rwanda's construction materials sector. The company operates a state-of-the-art cement manufacturing plant situated in the Kigali Special Economic Zone, benefiting from proximity to key markets and transportation networks.

TUNGA's success is attributed to its commitment towards producing high-quality cement products, stringent quality control measures, and a dedicated workforce. The company's cement is widely used in various construction projects, including residential, commercial, and infrastructure developments across Rwanda.

TUNGA's product portfolio includes different types of cement tailored to meet specific construction requirements, such as:

1. **Standard Portland Cement:** This is the company's flagship product, suitable for a wide range of construction applications, from foundations to finishing.
2. **Specialized Blended Cements:** TUNGA also offers blended cements that incorporate supplementary cementitious materials (SCMs) like fly ash or slag. These cements are known for their durability and sustainability benefits.
3. **Masonry Cement:** Designed for mortar and plaster applications, masonry cement is a vital product in Rwanda's construction sector.
4. **Customized Solutions:** TUNGA collaborates with clients to develop custom cement formulations to address unique project requirements, such as high-strength concrete for critical infrastructure projects.

Despite its success, TUNGA faces various challenges, including competition from international cement brands, fluctuating demand in the construction sector, and sustainability concerns related to cement production's environmental impact. The company's leadership team is keen on implementing effective management strategies and optimizing the marketing mix to ensure continued growth and competitiveness.

Required:

- a) **Examine the marketing mix strategies that TUNGA can employ to address environmental sustainability concerns in cement production while maintaining market competitiveness.** *Hint: Categorise your strategies in the 4Ps: (Product, Price, Place, Promotion).* (12 Marks)
- b) **Explain how TUNGA Company Limited can implement Management by Objectives (MBO) to improve its strategic planning and performance management processes.** (13 Marks)

(Total: 25 Marks)

QUESTION THREE

The non-alcoholic beverage industry in Kigali has experienced strong growth in recent years. This growth has been driven by increasing health awareness, rapid urbanization, and changing consumer preferences. Within this growing sector, the bottled fresh juice market has become highly competitive, attracting both small informal producers and more organized businesses.

Two of the main competitors in this market are **Imanzi Beverages Ltd** and **Virunga Fresh Ltd**. Both companies produce fruit-based bottled juices, but they follow different strategies and have achieved different results.

Imanzi Beverages Ltd, established in 2020, has adopted a structured, quality-focused, and customer-oriented approach. The company's mission is to provide nutritious, safe, and reliable juice products while maintaining affordability for a broad customer base.

Its products are distributed through formal channels such as supermarkets, cafés, and online delivery platforms, which enhances brand visibility and accessibility among urban consumers. The company emphasizes strict hygiene standards, consistent product quality, and uniform taste across production batches. Although its prices are slightly higher than many alternatives, they remain affordable for middle-income consumers who value quality and reliability.

In addition, Imanzi invests in marketing activities, including social media campaigns, brand promotions, and customer engagement initiatives. It also focuses on product innovation by introducing mixed fruit combinations and healthier options with reduced sugar content.

As a result, Imanzi has built a strong reputation as a trustworthy and value-driven brand. However, this strategy leads to higher operating costs due to quality control, formal distribution, and marketing expenses. Managing these costs while maintaining quality remains a major challenge in a price-sensitive market.

In contrast, **Virunga Fresh Ltd**, founded in 2021, focuses primarily on affordability and mass accessibility. Its objective is to make fruit juice available to low-income consumers by offering significantly lower prices than competitors.

To achieve this, the company prioritizes cost minimization through basic production processes, limited marketing expenditure, and a lean organizational structure. Virunga Fresh sources raw materials from nearby farming communities and operates from a modest processing facility located on the outskirts of Kigali. Its distribution channels are largely informal, including street vendors, kiosks, and open-air markets. The company uses simple and functional packaging to reduce costs further.

This aggressive low-price strategy has enabled Virunga Fresh to achieve high sales volumes and rapid market penetration, particularly among price-sensitive consumers. However, customer feedback has been mixed. While affordability and convenience are appreciated, concerns have been raised regarding inconsistent taste, shorter shelf life, and lower packaging quality.

These issues highlight weaknesses in quality control and brand perception. Recently, during a strategic meeting, Virunga Fresh proposed adopting some elements of Imanzi's strategy, especially improving product quality and branding. This creates important strategic questions about cost, positioning, and long-term competitiveness.

The market environment remains very competitive and constantly changing. While many customers are still highly price-sensitive, a growing number of consumers now prefer better quality, consistency, and strong brands. This has created a dual market, where both companies operate in different segments, but are increasingly competing with each other.

Required:

- Identify and justify the competitive strategy used by each company using the Strategy Clock.** (14 Marks)
 - Using Game Theory, identify the type of game being played between the firms and justify your answer.** (4 Marks)
 - Advise Imanzi Beverages Ltd on appropriate strategic responses to the competitive pressure posed by Virunga Fresh Ltd.** (7 Marks)
- (Total: 25 Marks)**

QUESTION FOUR

NYOTA Ltd is a Rwandan company specializing in the production and sale of a variety of fruit-based products, including fruit juice concentrates, fruit juice drinks; bottled drinking water; and dairy-related products. The company has built a strong reputation for offering high-quality beverages made from locally sourced ingredients, contributing to the growing demand for healthy and natural drinks in the market. As NYOTA Ltd expands its operations, it faces critical decisions regarding recruitment, organizational structure, and product strategy to sustain its competitive advantage.

Recruitment: Evaluating Candidates for Chief Accountant Position

NYOTA Ltd is in the process of hiring a Chief Accountant, a crucial position for financial oversight and strategic decision-making. The company seeks a candidate with strong accounting expertise, leadership abilities, and industry experience. Below is a summary of the three shortlisted candidates:

Candidate	Qualifications & Experience	Leadership & Skills	Industry Knowledge
Anita	Master's in Finance, 12 years in accounting	Strong leadership, team player	Limited experience in the beverage industry
Bob	CPA Certified, 8 years in the beverage sector	Moderate leadership experience	Extensive industry knowledge
Chris	MBA, 10 years in Fast-Moving Consumer Goods accounting	Excellent leadership, problem-solving	Moderate experience in the beverage sector

NYOTA Ltd's selection criteria prioritize a blend of technical expertise, leadership qualities, and sector-specific knowledge to ensure effective financial management and strategic alignment.

NYOTA Ltd's Strategy and Organizational Structure

NYOTA Ltd aims to dominate the local beverage market while exploring expansion into neighboring countries. The company emphasizes product diversification, sustainability, decentralization of decisions, and technological innovation to maintain a competitive edge. Key roles within the company include Production Management, Sales & Marketing, Finance, Supply Chain, and Research & Development.

Given its broad product portfolio and regional expansion goals, NYOTA Ltd must determine the most effective organizational structure to support its strategy. Options include a functional

structure, a divisional structure, a transnational/virtual network structure, and a matrix structure.

Product Portfolio and Management

NYOTA Ltd has a diverse product range, each performing differently in the market:

- **Dairy Delight Yogurt Drink:** A declining product due to changing consumer preferences and increased competition from non-dairy alternatives.
- **Pure Spring Bottled Water:** A best-selling product with a dominant market share and steady profits.
- **Mango Fusion Juice:** A newly introduced product gaining traction but requiring high marketing investment.
- **Classic Passion Fruit Juice Concentrate:** A consistently profitable product with a well-established customer base.

NYOTA Ltd needs to assess each product's position in the market and develop appropriate strategic actions, such as increasing investment, maintaining current levels, or phasing out unprofitable products.

Required:

- Evaluate the three shortlisted candidates for the Chief Accountant position and select the most suitable candidate for NYOTA Ltd. Justify your choice. (8 Marks)**
- Based on NYOTA Ltd's strategy and main company roles, recommend the most suitable organizational structure for the company and explain why it is the best fit. (6 Marks)**
- Analyse NYOTA Ltd's product portfolio using the BCG Matrix and provide strategic recommendations for each category. (11 Marks)**

(Total: 25 Marks)

End of Question Paper