
**CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS
A1.1: STRATEGY AND LEADERSHIP
DATE: MONDAY 23, FEBRUARY 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

Ngezi Ltd is a limited liability company established in 2017 to facilitate the value addition of Irish potatoes being grown in Rwanda specifically in the northern province in Musanze district where it is even headquartered. Irish potatoes being a major food and cash crop is grown by a reasonable number of farmers though its production and it is concentrated mainly in the high-altitude regions. Statistics indicate that Rwanda is the sixth largest producer of Irish potatoes in Africa. Ngezi Ltd's main objective is not to export the Irish potatoes since Mr Patrick Shema, the Managing Director, believes that value addition to Irish potatoes creates more revenues for the company as opposed to either selling them raw in country, or even exporting them. Ngezi Ltd employs over 100 employees who are well skilled in various areas though some management team members lack strategic experience that is needed to ensure Ngezi Ltd is sustainable.

Government initiative

Similarly, most of the government initiatives in Rwanda today are geared towards transforming subsistence into a modern agricultural sector, given that the cultivatable land itself is not sufficient compared to the output they wish to produce. The government has intensified modern farming strategy initiatives by: developing value adding measures in partnership with upcoming processors such as Ngezi Ltd; provision of advisory services to both farmers and seed producers, multiplication of quality potato seeds; and strengthening the potato research program. The government is also considering putting up new measures for all upcoming processors that shall be considered before a licence is issued. The government has also put up some technological infrastructure which aims at providing support to any company that may wish to digitalise.

Sector challenges

The above initiatives notwithstanding, the sector is still characterised with several challenges at both national and at the individual company's level. The Turihamwe Cooperative that was formed to assist in improving the quality and quantity of Irish potatoes to be able to sell them to processors as a one unified business; has not fared well - as most of the farmers prefer to sell them individually as opposed to selling through cooperative dealers especially for those with a bigger harvest but lack storage facilities in their various production zones. This has had an impact on Ngezi Ltd inventory levels that cannot be guaranteed apart from Irish potatoes stock that are grown by itself. Ngezi Ltd usually buys bulky but when the cooperative does not have enough, the company can also buy elsewhere including from individual farmers.

When Mr Shema discovered these challenges, he approached the district authorities for further information regarding potato farming and harvesting. He shared his vision of establishing a potato processing plant in the district which produces crisps and also supply them across all the provinces in Rwanda with a plan to export them in the medium term. The Team from the District was so happy to hear about this initiative and Mr Shema was connected to the authorities of Rwanda Agriculture Board (RAB) who advised him further on how improving Irish potato varieties coupled with improved agronomic practices (proper rotation, use of fertilisers and pesticides) will greatly enhance Irish potato production and hence profitability of the sector.

They also cited current farmers and cooperative challenges to be emanating from the usage of poor-quality seeds that leads to poor production, inadequate working capital and lack of enough storage facilities in production zones to avoid speedy selling.

Ngezi Ltd strategy

After RAB's advice, Mr Shema started implementing his long-term vision with RAB's support and the yield significantly increased from 1,200,000 tons in 2017 to 3,000,000 tons in 2021 in just four years of operation, yet only operating at 80,000 ha of cultivable land. According to Mr Shema, indeed Ngezi Ltd was in the right direction of implementing its strategy of becoming the market leader of crisps supply countrywide and beyond borders unfortunately the company staff appeared not to understand this strategy neither did they know what is expected of them. In the year ended 31 December 2021, Ngezi Ltd registered a profit decline of 30% though its liquidity levels were still good. Ngezi Ltd also possesses a long-term loan of FRW 150,000,000 and the financing structure is mainly covered by debt to the tune of 60%. This led Mr. Shema to start thinking about what could have gone wrong.

The Mr Alex Kamana, the Board Chair, on his visit to the factory challenged Mr Shema that it is very hard for employees to implement a strategy they do not understand. He went ahead to explain perspectives on strategy by citing an example that they are often influenced by democratic culture, level of education and lifecycle. 'Nonetheless for effective implementation of the strategy it requires that all staff also understand its implications, it is aligned to the organisation, thoroughly communicated whilst being monitored and measured' he reiterated. He also reminded management that several stakeholders will always influence what the company does and therefore important that all of them, especially the most relevant ones, should be considered in the decision-making process. For example, employees expect a good working environment including work-life balance, consumers expect fairly priced goods and services at a good price among others.

In the following week's management meeting, Mr Shema acknowledged the gaps in strategic implementation and promised to start thinking strategically rather than innovatively. During the same meeting all staff started to share their experiences and feedback in an open and encouraging environment. Mr Shema presented to staff how Ngezi Ltd planned to implement a marketing mix that would address most of the challenges raised by the staff whilst ensuring that the environmental aspects do not affect any Ngezi Ltd stakeholders including farmers, staff and the general public. The crisps shall be packaged and well branded; prices shall be reasonable including discounts for bulky buyers; crisps shall be distributed across the country, and Ngezi Ltd intends to deploy distributors covering the entire country; there shall also be a lot of marketing campaigns to ensure that customers are aware of the Ngezi Ltd crisps including personal selling where possible and other public relations related activities. He further emphasised that this type of marketing will be unique as Ngezi Ltd produces and sells products as opposed to service delivery marketing.

Problems, Plans and Proposals

Ngezi Ltd's Board got concerned about the company's current performance indicating various areas of concern they wanted management to resolve quickly. The risky areas they were most concerned about were

Competition: the market is getting competitive with some new players joining. There is a possibility of some new entrants aggressively entering the market and selling crisps at a discounted price.

Changing preference of customers: retailers can hardly know what the customers will want tomorrow. Marketing is a vital activity in this respect since it is essential that Ngezi Ltd understands its customers and what their changing preferences might be.

New product lines: the capacity to respond to changing preferences by the development of new products is important and so is the capacity of Ngezi Ltd to positively respond.

Customer switching cost: Unless the business builds loyalty, Ngezi Ltd is at risk of losing customers who may buy from competitors selling at a lower price, even though Ngezi Ltd crisps appear to be well branded. In the *New times* of 20 November 2021, there was an article praising Ngezi Ltd.'s crisps to be nice, but also warning them on the dangers of using non-biodegradable packaging materials.

Lack of a marketing plan: It has also come to the notice of the Board that Ngezi Ltd only reacts to marketing aspects as the need arises, and that there is no marketing plan to explain what Ngezi Ltd intends to do now and in the future and the tactics that shall be deployed to get there.

Plans

The Management of Ngezi Ltd indicated that an appraisal was being carried out but the Board insisted that due to several problems that are being faced in the company, they will not be able to wait for the appraisal and therefore requested for a meeting which was held on 30 November 2021 and the following were discussed:

Mr Alex Kamana, Board Chair: 'I am concerned with the continued decline in profitability especially this recent year's performance. I think we should come up with a strategy on how Ngezi Ltd shall remain competitive otherwise we risk being pushed out of this market.'

Mr James Kagoro, Marketing Director: 'I think since the current issue revolves around deteriorating sales volumes and lack of an adequate deployment of technology including social media marketing, we need to relook at the grand strategies and determine what strategy will be the best fit for Ngezi Ltd, we will try to work on the internal gaps and disconnects we have within the company and complement it with a good structure whilst describing the marketing functions of all the marketing staff. A marketing strategy is a must. Considering the recent allegation by one of the sales representatives that Ngezi Ltd.'s crisps are too expensive - that they can only be bought by a few rich people mainly those in the Kigali city, yet they are not as good as those of Twese Hamwe Ltd - segmenting the market and deploying an effective marketing mix might help.'

Mr Paul Kalisa, Operations Manager: 'I have already sketched out some ideas which are still undeveloped. We still need to work through the implications and also develop detailed plans if they were to be implemented. My worry is that we may not have enough resources to fully

implement them, besides our product appears to have reached the growth stage of the life cycle. On my part, I will ensure that production is done effectively, eliminate waste, staff who work under me to perform to the best of their abilities, effectively manage stock, improve and maintain quality, make use of technology, among others.'

Mr Patrick Shema, Managing Director: 'I think it's about time to start thinking about other alternative courses of action before it gets too late, so that we do take an effective action. I think introducing a new product line to complement the crisps business might be ideal, I am not sure that I am clear about where to go from here; but we need to work together and figure out the most appropriate course of action to take.

Proposal

The meeting proposed the following: Ngezi Ltd should develop a marketing strategy along with a well-defined marketing plan, reduce costs where possible, quality control should be enhanced at all times, and increase the product range - discussions are underway to introduce a new product in the form of packaged sweet potatoes but also market differentiation should consider production of spiced and salty crisps to cater for the mature people market segment.

Required:

As part of the review of Ngezi Ltd performance and its move to improve profitability, it was discovered by Mr Alex Kamana, the Board Chair, that employees were implementing a strategy they did not well understand.

- a) As an advisor to Ngezi Ltd, **explain to Mr Patrick Shema, the Managing Director, the FOUR grand strategies an organisation may deploy and advise what strategy would be the best fit for Ngezi Ltd and why.** (6 Marks)
- b) **Explain the rationale of having a good organisation structure at Ngezi Ltd as advised by Mr James Kagoro, the Marketing Director.** (4 Marks)
- c) **Analyse the key elements of Operations Management at Ngezi Ltd as stressed by Mr Paul Kalisa, the Marketing Director.** (10 Marks)
- d) The Marketing Director, Mr James Kagoro promised to reduce on the gaps and disconnects that exist within the marketing department by describing all the functions within his department. **Evaluate this statement.** (4 Marks)
- e) As a Strategic Marketing Advisor to Ngezi Ltd, **prepare a formal letter to the Board of Directors evaluating FIVE benefits of market segmentation in helping the company withstand competition, recommending an appropriate marketing mix based on the chosen segments and current situation, and outlining the key components of an effective marketing plan for implementation and control.** (14 Marks)
- f) Using the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, **evaluate Ngezi Ltd.'s performance.** (12 Marks)

(Total: 50 Marks)

SECTION B

QUESTION TWO

SAKWESAKWE Ltd is a growing IT firm based in Kirehe District, Eastern Rwanda. Founded in 2018, the company specializes in software solutions for Small and Medium-sized Enterprises. Its team of 18 developers and project staff serves clients across the Eastern Province, offering services such as system development, mobile app design, and data integration.

In 2024, SAKWESAKWE secured a competitive contract with Bank of Kirehe, a fast-expanding local bank looking to digitize its customer service channels. The project involves designing and deploying a secure, user-friendly mobile banking app that enables customers to check balances, transfer funds, apply for microloans, and receive transaction alerts.

Project Overview and Progress

The Banking App Project began in January 2025 and was to be completed within six months. As of today, the project is 70% complete due to a few delays that now push the new completion date to October 2025. Key technical modules-including user registration, account balance checks, and fund transfers-have already been developed and passed unit testing. Integration with Bank of Kirehe's core banking system has also been completed successfully.

The client has expressed satisfaction with the development progress so far, particularly the intuitive interface and minimal system downtime during testing. However, two modules-loan application workflows and push notification alerts-are still under development. These are expected to be completed within the next six weeks, assuming no major interruptions. As a Project Manager for this project, management has requested you to prepare a progress report to the Chief Executive Officer (CEO) of the client to be submitted on 15 September 2025.

Proposed Change and Resistance

Midway through development, SAKWESAKWE's CEO proposed a significant change: to replace the app's current authentication system with a newer biometric verification solution using fingerprint recognition, citing improved security and future scalability. The biometric system, however, was not part of the original contract, and implementing it would require a reconfiguration of the app's backend infrastructure, an additional FRW 12 million in investment, and an extended delivery timeline of at least two months.

A team meeting was convened to assess whether to proceed with the proposed change. The proposal has triggered mixed reactions across the development team and project stakeholders. A Force Field Analysis was conducted to help guide the decision.

Table 1 below outlines the key forces driving the change and forces resisting the change, along with their assigned weights (1 = weak force, 5 = strong force):

Table 1: Forces affecting the proposed change

Driving Forces	Score
Enhanced security and reduced fraud risk	5
Competitive advantage through modern biometric login	4
Future-proofing the app for broader use and compliance upgrades	4
Restraining Forces	Score
Delay in project delivery timeline by 2+ months	4
Breach of contract scope; may require client renegotiation	5
Increased project cost not budgeted by client	3
Developer unfamiliarity with biometric libraries	2

The client has not yet been officially consulted about the proposed change, but early informal conversations suggest they are cautious about additional costs and delays.

Required:

- a) With reference to Kurt Lewin’s Force Field Analysis, and with the help of an appropriate diagram:
 - i) **Advise whether SAKWESAKWE Ltd should adopt the proposed change to implement biometric authentication.** (10 Marks)
 - ii) **Recommend ways through which management may reduce forces against the change and make the change more favorable to all parties.** (6 Marks)
- b) Using the project status information in the case study, **prepare a project progress report for the Banking App Project to be submitted to the Client.** (9 Marks)

(Total: 25 Marks)

QUESTION THREE

ZIRAKAMWA Ltd - Building Impact and Scaling Ambition

ZIRAKAMWA Ltd is a medium-sized, family-owned dairy farming business located in the fertile hills of Nyagatare District, Eastern Rwanda. Established by the Kabanda family in 2004, the company operates several farms with over 600 dairy cows and supplies raw milk daily to local dairies, milk collection centres, and individual buyers. The business has earned a strong reputation for quality, animal welfare, and consistency.

Led by its General Manager, Mr. Kabanda George, the founder’s eldest son and a veterinary graduate, ZIRAKAMWA has maintained steady growth over the last decade. As consumer demand for milk continues to rise, particularly in Rwanda’s Eastern Province, Kabanda is steering the company toward its next strategic goal: transforming ZIRAKAMWA from a medium-sized business to a large enterprise capable of serving the entire Eastern Region. This expansion would involve growing herd size, investing in better infrastructure, and improving logistics to reach farther rural communities more efficiently.

While the business remains profitable, Kabanda faces the challenge of balancing growth ambitions with the complexities of managing a family enterprise. The current management team is small and operationally focused, and the company's systems are still mostly manual. The ambition to scale requires stronger leadership systems, new technology adoption, talent acquisition, and a sharper long-term strategy. Kabanda has begun engaging local consultants and government advisors, but knows that clear direction and internal alignment are essential.

Community Impact: The 'Gotomera Kibondo' Project

Beyond its commercial mission, ZIRAKAMWA Ltd is deeply embedded in the local community of Nyakigando, a village where one of its largest farms is based. Observing high rates of malnutrition and stunted growth among children, particularly from underprivileged families, Kabanda initiated a social intervention in 2023 known as the 'Gotomera Kibondo' project.

Under this initiative, the company donates a fixed amount of raw milk every day to five local primary schools. The milk is boiled on-site and distributed to children during morning breaks. Teachers were trained in basic hygiene and storage practices, and the local health centre was engaged to monitor the nutritional progress of participating children. ZIRAKAMWA also partnered with the district authorities to identify the most vulnerable schools and households. In its first year, over 800 children benefited from the program.

The initiative has received praise from parents and local leaders. Many teachers report improved attendance and participation among the children. However, some logistical issues persist, especially around delivery delays during rainy seasons and limited refrigeration. Kabanda now wants to evaluate the long-term effectiveness of the Gotomera Kibondo initiative before considering its expansion into other communities where ZIRAKAMWA intends to grow its business footprint.

Required:

a) Using the results chain tool, **evaluate the effectiveness of ZIRAKAMWA Ltd's 'Gotomera Kibondo' social project.** (15 Marks)

b) **Discuss the role of Mr. Kabanda George in setting the company's strategic direction.** (10 Marks)

(Total: 25 Marks)

QUESTION FOUR

Ubaka Industries Limited (UIL):

Ubaka Industries Limited (UIL) is a cement manufacturing company - located in Rulindo, Rwanda. The company's primary factories are located in Rulindo, Nyagatare, and Nyamasheke with about 3,000 employees across the country.

UIL has three major competitors in the country with approximately equal capacity and clientele. The rivalry between the four companies is high with analysts have described the competition as healthy and beneficial to the manufacturing industry in Rwanda.

To remain competitive, UIL has decided to become a systematically lowest-cost organisation in the cement production industry. UIL's competitive strategy is summarised in the following email recently sent by Ms Isimbi Clare, the company's Chief Executive Officer (CEO), to UIL's executive team:

'To: Executive Team

From: Isimbi Clare

Subject: Our competitive strategy

Dear Colleagues,

The cement manufacturing industry in Rwanda used to be dominated by one company a few years ago. However, the industry has changed in recent years with more companies, including ours, joining. This has meant that the industry has become more competitive.

To remain competitive, I am pleased to jot down our strategy as approved by the board of directors last Friday for your consideration and implementation.

- 1. A review of our costs: Since most of the construction happens in Kigali, we are considering acquiring Cementary Limited, a local small-scale garage that specialises in providing cement distribution services, to significantly cut down on our selling and distribution costs. Cementary Limited is said to, however, lack the necessary skills to make it a successful company. Analysts have described the deal as a 'perfectly timed and fitting acquisition' by UIL. Analysts further believe that UIL understands the Cement manufacturing industry well and has potential to add value to Cementary Limited. Although Cementary Limited' Board of Directors seems opposed to the acquisition, UIL's Board is convinced it will be able to successfully acquire Cementary Limited and boost its strategy. We will also sign a new contractor with a big regional limestone producer that will see our limestone spend fall by 20%;*
- 2. Ramping up our production: We will now start ramping up our production capacity to ensure that we quickly cover our huge initial fixed costs and become more profitable. By the end of next year, we will have increased our cement production by 30%;*
- 3. Expertise: We will hire more qualified staff and train our existing staff to raise their expertise. These efforts will reward our company with efficiency labour productivity and cost savings gained from efficiency;*

4. *Cheap cement ingredients: We will further cut down our costs by replacing part of cement by ground and powdered limestone and using silica rich constituents in the form of pozzolana or slag which will reduce clinker.*

I hope you will find this summary clear. We will further discuss this strategy in our upcoming away day in which we will also discuss what cultural values are important for our company. In preparation for this discussion, please review the below direction from the board regarding our preferred culture.

'We must focus on the involvement and participation of the company's staff. Our culture will focus on the needs of our employees as the route to high performance. Involvement and participation will create a sense of responsibility and ownership and, hence, greater commitment to our company'.

Regards

Clare'

Required:

- a) With reference to Michael Porter's Generic Competitive Strategies, **identify and discuss key cost drivers that will help deliver UIL's competitive strategy.** (13 Marks)
- b) With reference to the Ashridge Portfolio Display, **examine the proposed acquisition of Cementary Limited by UIL and advise whether UIL should acquire Cementary Limited or not.** *Hint: Indicate which of the four kinds of business matches with Cementary Limited and explain why.* (8 Marks)
- c) **Discuss why Cementary Limited is opposed to the proposed change.** (4 Marks)

(Total: 25 Marks)

End of Question Paper

