

---

---

**CERTIFIED PUBLIC ACCOUNTANT  
ADVANCED LEVEL 1 EXAMINATIONS**

**A1.1: STRATEGY AND LEADERSHIP**

**DATE: MONDAY, 26 APRIL 2021**

---

---

**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**

A&A IT LTD Company was established by Ms. Akila and Mr. Akiva during Covid-19 that started in China and spread into other countries in the World. Through their observations they expected Covid-19 to land in Rwanda and started their project before it reached in the country. They decided to start the company after identifying the need for ICT services in Kigali, and Rwanda in general.

The mission of A&A IT LTD Company is *“to be a successful global information technology company trusted by its customers for service excellence, caring, and bringing services closer to the customers with innovative and value driven ICT products and services”*.

A&A IT LTD Company’s platforms helped as a good strategy to curbing Covid-19. In March 2020 the government of Rwanda announced the enactment of large-scale social distancing regulations and banned travel in upcountry provinces, with a belief that many of the Rwandans would typically travel to their home villages to celebrate Easter.

Other restrictions included instructions to work from home, closure of public spaces and transport, and even travel bans to and from specific locations. These measures have profoundly impacted many aspects of people’s lives-from the way people communicate, work, obtain goods, and transact.

In the midst of this, there is a growing push to accelerate e-commerce and adoption of digital financial services. It is from this background that the idea of A&A IT Company gained a competitive edge.

At the beginning of January 2020, A&A IT Company got registered in Rwanda Development Board (RDB), and was given a tax holiday of 12 months, Akiva and his sister had graduated from the former Kigali Institute of Management (KIST) in the department of computer sciences and they recruited fresh graduates of 2018 from University of Rwanda (UR-CST) because they thought that they would be paid a lower salary. Akila& Akiva worked for Rwanda Information Society Authority (RISA) from 2010 up to 2019; they had a chance of having attended the different ICT professional trainings in the country and outside the country. They also hired other 3 IT experts who worked with them in training new staff.

The staff of A&A IT LTD Company are demoralised by the low salaries and the high workload, and this has led to a high staff turnover rate with already around 40% of staff having lost their jobs in just 6 months (from January - June 2020). One of the staff said that at the beginning he was supposed to be paid 100,000 per month but at the end he was only paid less than that. This staff sued the company for having disrespected the employment contract but the company’s lawyer said that the contracted amount was a gross salary and not the net salary. In spite of the high staff turnover, A&A IT LTD Company started with 10 IT staff, but within short period of time, the number of staff increased to 56 and it is expecting to have more than 100 staff in 5 months to come.

A&A IT LTD intended to provide e-services to the people of Rwanda, and these services have provided total satisfaction to their clients. The company started with an idea of training people

on how to use electronic platforms available like e-learning, e-training, and e-buying which were not familiar in Rwanda but later alone in the month of March 2020, they started different platforms that provide services to people at home during the lockdown. For example, WebEx, Teams groups, meeting rooms, hosting 1000 people at ago. These were used in facilitations of e-trainings, e-learning, e-buying, and e-meetings.

Due to their viable project, in the month of March 2020, the Ministry of Information and Communication Technology and Innovation funded them with Frw 300,000,000 to expand their services to whole corners of the country. With the Ministry's support, A&A IT LTD Company restructured its setting by adding other departments like Research and development unit, Sales and marketing Unit. A&A IT LTD started with a capital of Frw 10,000,000 only, along with few staff in the IT department, targeting small markets and with an aim of expanding slowly which will depend on market demand, and financial capacity. However, due to the government support and high demand of e-services in Rwanda, A&A IT LTD Company has accelerated its economic trend. During the month of January and February, the company experienced a loss of Frw 2,000,000; in March the company started to generate some profits because it had gained Frw 1,000,000, in April, May and June it made a profit of Frw 2,000,000, Frw 3,000,000, and Frw 3,000,000 respectively.

During the lockdown, many private companies entered in the same business of providing the same services but A&A IT Ltd remained more competitive. Despite, the entrance of more rival companies, A&A IT LTD has remained a market leader due to low prices, high internet performance, good customer relationships, user friendly platforms, and the platforms being developed in a way that cannot be emulated by the competitors.

Rwanda as a country of 1000 hills has favoured A&A IT LTD Company to have a better network because at the top of every hill there is an antenna that supply network to whole parts of the country. The leadership of Rwanda having considered ICT in its crosscutting pillars of vision 2020 has boosted the sector. More than 50% of Rwandans are computer-literate and the Government is supporting all the IT related projects. The Rwanda economic growth has been stable increasing by 8% since 2010 to 2020, due to the development of the private sector and ICT support initiatives.

The Ministry of Information and Communications Technology and Innovation in Rwanda has also encouraged international IT companies to invest in Rwanda, and some of the most excellent and competent companies have registered with Rwanda Development Board (RDB) and have been exempted from tax for two years. The research unit of A&A IT LTD Company has predicted a profit decline of 2% in July due to many IT companies that have entered into the market. The Research Unit has suggested recommendations that can revamp the economic trend after July; including the expanding of its services to neighbouring countries like Tanzania, Uganda, Burundi, and DRC; penetrating other local areas that are not served; merging with other IT local companies in order to gain competitive advantage; recruiting based on competition and strategize on how to retain staff; restructuring the reporting system because all the staff from different departments are reporting to Akila and Akiva.

Researchers advised on the need of building a conventional structure where all units will be having Heads that will be reporting to the General Manager, and the General Manager reporting to the Board.

A&A IT LTD Company adopted the advice from researchers. In early July, Uganda, Tanzania, Burundi, and DRC were contacted for allowing A&A IT LTD Company to start operating in their countries. DRC, Uganda and Tanzania welcomed the business, but Burundi suspended the request due to political issues between the two nations. The expert in DRC, advised A&A IT LTD Company to conduct a study first because a big number of Congolese who need such services do not know how to use computers, and the biggest percentage in the country do not have smart phones.

**Required:**

- a. **Based on the storyboard in the text, explain the competitive advantage of A&A IT LTD Company in comparison with other IT Companies.** (10 Marks)
- b. **Analyse the internal and external factors that affected A&A IT LTD Company from January to July 2020.** (15 Marks)
- c. **Based on the case study, mention the stipulated stakeholders and their contribution to the company.** (10 Marks)
- d. **With reference to Albert Humphrey 1960s model, describe the strategic plan of A&A IT LTD Company.** (15 Marks)

**(Total:50 Marks)**

## **SECTION B**

### **QUESTION TWO**

St. Sonia girls' primary school started operating in 2005 in the Eastern Rwanda. In the year 2011; that is when the pioneers sat for primary 6, and all 25 pupils who sat for primary leaving examinations came in first class. Since then up to now St. Sonia Girls primary school performance has remained stable. The school always gets more than 2 pupils in the ten best performers in the country.

Secondary Schools had praised St. Sonia Primary School for graduating pupils who are fluent in both English, French, and Kinyarwanda, not shy, smart, disciplined, hard workers and their performance remaining stable through the years.

School fees have not changed since 2005, it is still Frw 100,000 per term. Prices have changed at the market and costs have tripled but her charges remained stable. Schools that were charging the same school fees in 2005 are now paying Frw 400,000. St Sonia maintained their teachers and recruited more good teachers from within the country and beyond.

Based on financial reports of the school, it shows that school fees revenues have been increasing steadily, pupil numbers have drastically increased, school infrastructure like classrooms, libraries, and laboratories expanded, and teachers' salaries also increased.

Her school performance, school uniform, location, buildings, school fees and many others have attracted the attention of all the parents in the Region. St. Sonia's strategy has attracted too much attention to other schools in the Eastern Province whereby more than 30% of schools have closed due to shortage of pupils.

The number of pupils at St. Sonia increased from 120 in 2005 to 1500 students in 2018. St. Sonia has built a partnership with many international NGO's that support the school in many ways like financial funding, advices and school materials.

#### **Required:**

**a. With vivid examples from the case study above, discuss the application of a marketing mix model in the context of St. Sonia's Business.** (15 Marks)

**b. With clear illustration, discuss Michael Porter's generic strategies in the case.**

(10 Marks)

**(Total:25 Marks)**

### QUESTION THREE

Mr John has a construction company, and he was hired by Bank of Kigali to construct an office building at Frw 300 million in Nyagatare city. Mr John accepted the contract and agreed to start the building project from 1<sup>st</sup> January 2020.

Activity	Interdependence	Duration (Months)
A	Nil	2
B	Nil	1
C	Nil	3
D	A, B, C, D	4
E	D, C	1
F	D, A	2
G	F	3
H	E	3
I	E, F, G	1
J	H	1
K	J	3
L	J, I	5
M	K, L	3

**Required:**

- With a neat diagram, please draw Gantt chart.** (5 Marks)
- Calculate the time period taken in constructing the office.** (10 Marks)
- Indicate all possible paths and show the critical path.** (10 Marks)

**(Total:25 Marks)**

### QUESTION FOUR

The University of Kacyiru (UoK) started as a private university and its vision was to be a leading university that develops highly enterprising graduates prepared and dedicated to building a more just and sustainable society locally, nationally and globally, with appropriate innovations that advance quality life.

Its mission was to support the development of Rwanda by discovering and advancing knowledge and being committed to the highest standard of academic excellence where students are prepared for better lives, thought leadership, as well transforming communities through finding solutions.

UoK had a strategic plan of developing an interdisciplinary problem based academic programs aligned with Rwanda's development needs – including the creation of an applied evidence-based research centres focusing on problem solving; an Integrated IT-based resources from around the world; an enhanced student leadership, entrepreneurship and management skills needed on the job market. Similarly, UoK had also planned of developing a continuous education program aiming at upgrading the skills and knowledge of its students including internships for service in their communities and countrywide through applied service-learning programs nationally and internationally.

However, the UoK was recently closed as announced by the Minister of Education for failure to meet education standards. Students are complaining about having not been taught, yet they have been paying tuition while the lecturers accused the University for having not been paying their salaries.

Other employees were not paid since January and were not being facilitated in any way. The University has spent the whole year without internet connectivity, there are no current books in library and no enough seats in the classrooms.

The University offered Bachelors in Education, Bachelors in Business Studies, Bachelor's in Agriculture and Bachelor's in Social Arts. The university is structured well from the top management to supporting staff. All administrative parts and academic lines were well structured.

**Required:**

- a. **Using the case study above, explain the distinctive levels of strategic management and responsibilities of each level that University of Kacyiru used.** (15 Marks)
- b. **Top level managers formulate strategic decisions that identify and exploit opportunities to give an institution a competitive advantage. Specifically, you are hired as a consultant, please advise the University on the strategic areas that would have matched its activities with potential opportunities.** (10 Marks)

**(Total:25 Marks)**

**BLANK PAGE**