
International Journal of Management, Finance and Accounting

Aurora: The Pandemic Within

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Teaching Notes

Summary

Aurora Layar Group (Aurora) operates cruises in Asia countries for almost three decades. Despite its gleaming reputation, the company had been experiencing losses for the past three consecutive years since 2017. Massive investments were executed when the company acquired two shipyards from Elite Dockyard Ltd, ordered five cruise ships with Excel Ltd and invested in upgrading the company's ships and shipyards. The losses had been significantly reduced from 2017 to 2019. Unfortunately, the Covid-19 pandemic which hammered many industries worldwide exacerbated Aurora's losses in 2020. The management of Aurora strived to overcome the unanticipated implication from this pandemic.

A. Teaching objectives

This is an evaluation case. At the end of the case study, students should be able to

- (i) Identify the factors contributing to Aurora's losses from 2017 to 2019.
(Knowledge and Analytical Skill development)
- (ii) Examine the impact of Covid-19 pandemic on Aurora's liquidity. (Knowledge and Analytical thinking)
- (iii) Assess corporate governance issues arising in Aurora. (Ethics and Knowledge)

B. Target Groups:

3rd and 4th year Finance and Accounting students. Students must have already taken

- Company Law and Secretarial Practice
- Financial Statements Analysis
- Corporate Finance
- Advanced Management Accounting

C. Case Leading Strategy

- The class will be divided into groups of three.
- The class discussion should be over one lecture session of at least 180 minutes duration.

10 mins Briefing by facilitator

20 mins Individual reading of the case

90 mins Group discussion. Students to solve the questions given in the case.

20 mins Preparation for presentation

30 mins Students to present their analysis and recommendations.

10 mins Comment by facilitator

D. Discussion Questions

- (i) What are the factors contributing to Aurora's losses from 2017 to 2019?
How do the losses impact the solvency, operations and future plans of Aurora?
- (ii) Discuss Aurora's strategies leading to declining losses from 2017 to 2019.
- (iii) What do you think of the impact of Covid-19 pandemic on Aurora's liquidity? Discuss the appropriateness of the various plans of Aurora to reduce the impact of the pandemic.
- (iv) What is your view regarding the corporate governance scenario in Aurora?

Suggested answers to the discussion questions can be obtained directly from the corresponding author.*