

# TERMS OF REFERENCE

## FOR

### Business Valuation of Samoa Post Limited (SPL)

#### 1. INTRODUCTION

The Government of Samoa (GoS) through the Ministry of Public Enterprises (MPE) is implementing its Ownership, Performance and Divestment Policy and the Framework for the Planning and Implementation of Public Private Partnerships (PPP). This is part of the key outcomes in the Strategies for the Development of Samoa 2016-2020 to strengthen private sector developments and enhance public services delivery.

The GoS in implementing the above program seeks the service of an eligible accounting firm to undertake a business valuation for SPL. The key objectives of this transaction are to prepare SPL for privatization as a going concern business in anticipation of a PPP.

#### 2. OBJECTIVE/PURPOSE OF THE ASSIGNMENT

The initial phase of the privatization process under the Ownership, Performance and Divestment Policy requires a business valuation to be conducted for SPL. The valuation will determine the company's market value to be used during the tender process as a benchmark for potential bidders. This market value looks primarily at financial accounting information and the company's net worth.

The eligible Accounting Firm shall list all key assumptions and factors taken into consideration during the assignment.

#### 3. SCOPE OF WORK

##### *General Tasks:*

1. The eligible Accounting Firm will conduct an analysis of Samoa Post Limited in the following areas:

- **Operational and financial** performance of the company;
- **Financial and commercial** issues including cost structure, services, financial accounting systems and risk management;

##### *SPL Financial Statements, Audit and Restructuring*

2. The eligible Accounting Firm will assess SPL's audited financial statement necessary to:

- Determine the most appropriate methodology for a business valuation of SPL;

- Conduct a financial due diligence of the latest Annual Accounts (financial year ending 30<sup>th</sup> June 2020, or the latest available), and provide a view and assurances on the quality, accuracy, etc. of these financial statements.
3. Based on the financial and corporate analysis of the company, the eligible Accounting Firm will provide an indicative value of the company and an up to date balance sheet (assets, liabilities and equity). This will inform the Committee during the privatization transaction.

### ***SPL's Valuation***

Given the above, the eligible Accounting Firm will finalize its valuation and advise the Committee on the expected market value using the valuation methodology explained above.

## **4. QUALIFICATIONS**

The eligible Accounting Firm shall have experience in business valuation with proven knowledge of different valuation methods as well as advising the Steering Committee of the most suitable valuation method for SPL's privatization.

## **5. REPORTS and OUTPUTS**

The eligible Accounting Firm shall submit the following to the CEO Ministry for Public Enterprises.

<b>Deliverable</b>	<b>Description</b>	<b>Timing</b>
<b>Inception Report</b>	Start-up report and submission of work program	Day 5
<b>Progress Report</b>	Progress made and what required to achieve the overall objective	Day10
<b>Final Report</b>	Final report on work done	Day 20

## **6. CONFLICT OF INTEREST**

- 6.1 The eligible Accounting Firm must inform on any potential conflicts of interest arising out of this assignment. The eligible Accounting Firm warrants that, to the best of its knowledge after making diligent inquiry, at the commencement of the assignment that no conflict with the interests of MPE or SPL exists or is likely to arise in the performance of the services.
- 6.2 If, during the performance of the services, a conflict of interest arises, or appears likely to arise, the eligible Accounting Firm agrees to:
- (a) notify the MPE or SPL immediately in writing;
  - (b) make full disclosure of all relevant information relating to the conflict or apparent or likely conflict; and
  - (c) take such steps as the MPE or SPL may reasonably require to resolve or otherwise deal with the conflict.

6.3 If the eligible Accounting Firm does not notify the MPE or SPL or is unable or unwilling to resolve or deal with the conflict as required under this section, the MPE or SPL may terminate this assignment in accordance with the provisions of this clause.

## **7. CONFIDENTIALITY**

The eligible Accounting Firm agrees to keep confidential all information that he receives, directly or indirectly, from the MPE or SPL, as well as all copies or analyses that he or she makes, or have been made by third parties, on the basis of such information (collectively, the "Material"). The eligible Accounting Firm shall use the Material exclusively for the purpose of preparing technical and financial proposals relevant to this assignment.