
INDEPENDENT AUDITOR’S REPORT

(or on the financial performance of “Western Caspian University” for the year 2023)

To the Management of “Western Caspian University”

We have conducted an audit to verify the accuracy, legality, and compliance with International Standards of the financial and economic operations carried out by the University during the reporting year of 2023. This includes verifying whether these operations were properly recorded based on original documents in accordance with the relevant chart of accounts, the structure and application of the accounting system, the accounting policies applied or selected, the accuracy and compliance of the prepared "Corporate Income Tax Declaration" and its annexes. In addition, based on these, we assessed the fairness and compliance with the requirements of the International Standards of the following financial statements that must be prepared accordingly: **the "Statement of Financial Position", the "Statement of Profit or Loss and Other Comprehensive Income", the "Statement of Changes in Equity", the "Statement of Cash Flows", and the "Accounting Policies and Explanatory Notes"**.

“Basis for Forming the Relevant Auditor’s Opinion”;

Based on the documents submitted for audit and the relevant auditor's examinations conducted accordingly, we believe that the audit procedures performed and the audit evidence obtained — as reflected in the auditor’s working papers titled “Audit Plan” and “Audit Program” — are sufficient to justify the statements included in the Auditor’s Opinion and to ensure that the opinion accurately reflects the actual financial situation. Furthermore, we confirm that the figures presented in the financial statements for the reporting year are in full compliance with the exact financial condition of that year and its outcomes.

Another key element that forms the basis of this report and the Auditor’s Opinion is our legal responsibility under the relevant provisions of the International Standards on Auditing (ISA). This responsibility is discussed in detail in the section titled “Auditor’s Responsibility for Forming the Relevant Auditor’s Opinion” of this report.

Overall, the audit was carried out in full accordance with International and National Legislation, Regulatory Legal Acts, the Code of Ethics for Professional Accountants, International Standards on Auditing, as well as other relevant requirements established by the Chamber of Auditors of the Republic of Azerbaijan.

“Explanatory Paragraphs”;

As part of the conditions and implications outlined in the section “Basis for Forming the Relevant Auditor’s Opinion”, we have identified some issues of particular importance that the University must address to ensure the formation of an appropriate Auditor’s Opinion:

— It was determined that the undistributed or distributable net profit amounts reflected in the relevant sections of the 2023 Corporate Income Tax Declaration and its annexes specifically related to previous years — must be distributed following the requirements of the applicable provisions of the Civil Code and the Tax Code of the Republic of Azerbaijan as of December 31, 2023. In this regard, a Founder’s Decision should be issued regarding the distribution of net profit, the establishment of necessary reserves/funds from these amounts, and the appropriate use of such funds. Overall, this matter requires special attention;

— The actual amount of Charter Capital must be duly reflected in the Annex No. 1, Clause 2.1.1 of the Corporate Income Tax Declaration, as well as in other relevant accounting and financial reporting documents;

— The University's Charter Capital should be restructured and re-registered with the state authorities following the current legislative acts, including the relevant provisions of the Civil Code of the Republic of Azerbaijan;

— The turnover figures and balances presented in the financial statements as of the end of the audited year — and relating to completed transactions — as well as the accounts receivable and payable existing as of January 1, 2024, must be properly inventoried following the relevant chart of accounts;

— If the amounts recorded in the documents prepared as a result of the required inventory procedures are confirmed to be real and accurate, appropriate actions must be taken to settle, collect, or otherwise write off the respective obligations and claims.

“Responsibility of Management and Authorized Persons for the Financial Statements and the Governance of the Economic Entity”;

The University’s relevant personnel and materially responsible individuals bear responsibility for ensuring that the financial statements are free from **material misstatements**, whether due to fraud or error. This includes the **proper design, implementation, and maintenance of the internal control system; the appropriate selection** of accounting policies; the correct **application** of the chart of accounts to executed transactions; and the **preparation and maintenance** of primary, supporting, and general accounting records following the requirements of applicable standards, provided that the nature of the transactions corresponds to the actual circumstances.

They are also responsible for maintaining the University’s level of economic efficiency; ensuring the **objectivity** of the costs incurred (cost of goods sold), the

accuracy of the value of services rendered; the **economic justification** of concluded contracts; and the effective management of other relevant areas related to the University's core activities.

Ultimately, the University's responsible staff are accountable for the **proper preparation** and timely, **fair presentation** of the financial and economic activity reports for **the year 2023**. These reports are prepared following the applicable provisions of local and international legislation, based on primary documentation, and submitted to the audit in an approved and verified form.

“Auditor’s Responsibility for Forming the Relevant Auditor’s Opinion”;

The auditor bears legal responsibility for **confirming** the legality and validity of the financial statements reflecting the turnover and balances of all types of operations conducted by the institution as of January 1, 2024, ensuring that the audit is conducted **with due quality** in compliance with the requirements of applicable regulatory legal acts and relevant audit standards, **adhering to the provisions** of the Code of Ethics for Professional Accountants, **fully performing** the required audit procedures and **obtaining sufficient** and appropriate audit evidence, **completing** the audit within the prescribed timeframe and at the required level of quality, **properly forming** the Auditor's Opinion based on the audit results or accurately **preparing the Independent Auditor's Report**; and **fully and properly fulfilling the core obligations undertaken under** “the Audit Service Agreement”, **following legal requirements**.

I believe that, within the scope of the authority and rights granted to me by the relevant legislative acts, I have fulfilled the responsibilities mentioned above and the obligations assumed under the Agreement in a timely, complete, and legally appropriate manner.

“Conclusion of the Conducted Audit”;

Based on the audit evidence obtained and the audit procedures performed during the conducted audit, **I conclude** that **the comparative information presented in the Financial Statements** prepared following the aforementioned International requirements fairly reflects the financial position of Western Caspian University (TIN 1700370951) as of December 31, 2023, and the financial results for the reporting year (including turnover figures and balances by relevant accounts in the accounting records). The Financial Statements **provide a true and fair view**, for the intended purposes, of the operations carried out during the reporting year, their nature, significance, and substance. Furthermore, taking into account the matters outlined in the “Explanatory Paragraphs” section and other relevant issues identified during the audit of the University, this forms a sufficient basis for the issuance or formulation of **the Auditor's Opinion** on the financial and economic activities and the Financial Statements for the year 2023.

Accordingly, in fulfillment of the obligations under the “Audit Service Agreement,” a **conditional positive Auditor’s Opinion** was issued, which has been duly signed and stamped by the Auditor following Article 8 of the Law of the Republic of Azerbaijan on “Audit Services.”

At the same time, **this Opinion** reflects the Auditor’s professional judgment regarding the documents, evidence, conducted procedures, performed work, and services provided, as well as the fairness of the University’s financial position during the reporting year, as noted in the “Conclusion of the Conducted Audit” section. This report is an official document of legal significance for **all legal and natural persons**, including **state authorities, regulatory bodies, and judicial institutions**.

The Independent Auditor’s Report (Auditor’s Opinion) was prepared in two copies of equal legal force dated June 4, 2024, and delivered to the Client in the form prescribed by the Chamber for its intended use.

NOTE: The primary supporting documents submitted for audit are filed in the relevant folder and are maintained both at the Client’s premises and on the Auditor’s office computer.

**Member of the Chamber of Auditors of the Republic of Azerbaijan
and the Institute of Internal Auditors, USA,
Independent International Auditor:**

A.A.Aliyev