

**Baku**

**21.04.2025**

***To the Administration of Western Caspian University***

We hereby inform you that the audit of the relevant documents submitted online, including the financial and economic transactions conducted during the 2024 reporting year of the University under your leadership, their accounting in accordance with the respective Chart of Accounts based on primary documents, the established accounting system, the applied or selected accounting policies, the prepared “Profit Tax Declaration” and its annexes, as well as the financial statements titled **“Statement of Financial Position,” “Statement of Profit or Loss and Other Comprehensive Income,” “Statement of Changes in Equity,” “Statement of Cash Flows,” and “Accounting Policies and Explanatory Notes,”** which must be prepared in accordance with the requirements of International Standards, was carried out by us for the purpose of determining the materiality, legality, compliance with International Standards, and accuracy of these statements.

Indeed, the audit was conducted in accordance with the terms of the “Auditor Service Agreement” No. 003–MHA dated January 23, 2025.

**“Basis for the Formation of the Relevant Auditor’s Report”**

Based on the relevant auditor’s examinations conducted in accordance with the documents submitted for audit, we consider that the audit procedures performed and the auditor evidence gathered as outlined in the working papers titled “Audit Plan” and “Audit Program” are sufficient to support the justification of the statements made in the opinion and their conformity with the actual factual situation. Furthermore, these are fully consistent with the indicators presented in the financial statements prepared as of the reporting year-end.

Another matter that should be accepted as the basis of the report or the Auditor's Report is the legal responsibility we bear in conducting this audit in accordance with the relevant requirements of the International Standards on Auditing (ISA). This is elaborated in detail in the section of the report entitled "Auditor's Responsibility for Forming the Relevant Auditor's Report"

The audit was conducted in full compliance with International and National Legislation, Normative Legal Acts, the Code of Ethics for Professional Accountants, International Auditing Standards, as well as other relevant requirements established by the Chamber of Auditors of the Republic of Azerbaijan.

### **"Explanatory Paragraphs on Factors Influencing the Formation of the Report"**

As part of the conditions or factors outlined in the section "Basis for the Formation of the Relevant Auditor's Report," it was determined that the University must address a number of the following issues, which are also of particular importance for the issuance or formation of the Auditor's Report:

- The importance of properly conducting the inventory of turnover figures and balances reflected in the report as of the end of the audited year according to the relevant Chart of Accounts, as well as the receivables and payables outstanding as of January 1, 2025, which have arisen from the executed transactions;
- The necessity of implementing measures to settle, collect, or otherwise write off the amounts reflected in the relevant documents prepared based on the results of the inventory procedures, provided that the figures stated therein are accurate and appropriate.
- Regarding the results of the financial and economic activities conducted by the University during the 2024 reporting year, it is essential to pay special attention to the distribution of the undistributed or distributable net profit amounts from previous years reflected in the relevant sections of the Profit Tax Declaration and its Appendices. Such distribution of net profit must be carried out in accordance with the requirements of the relevant articles of the Civil Code and Tax Code of the Republic of Azerbaijan. Furthermore, a Founder's Resolution should be adopted regarding the establishment of necessary funds from these amounts and the utilization of these or other resources.

### **"Responsibility of Management and Those Charged with Governance for the Financial Statements"**

Regardless of whether material misstatements arise from fraud or error, the University's relevant personnel and financially responsible individuals are accountable for ensuring: the absence of material misstatements; the proper establishment, implementation, and maintenance of the internal control system; the correct selection and application of appropriate accounting policies; the proper application of the chart of accounts to the executed transactions; and the preparation and maintenance of primary, supporting, and general accounting records in accordance with applicable standards—provided that the nature of the transactions reflects the actual circumstances.

They are also responsible for maintaining the University's level of economic efficiency; ensuring the objectivity of costs (cost of goods sold) and service pricing associated with the core activities of the institution; ensuring the economic viability of concluded contracts; the proper management of other relevant areas linked to the University's core activities; and ultimately, for the accurate preparation and fair presentation of financial and economic activity reports for the year 2024 in compliance with local and international legislation, based on primary documents, and for their timely and appropriately approved submission for audit purposes.

### **“Auditor’s Responsibility for the Formation of the Relevant Auditor’s Report”**

The auditor bears responsibility, as prescribed by applicable legislation, for confirming the legality and substantiation of the reports reflecting the turnover and balances of all types of operations conducted by the University as of January 1, 2025. This responsibility includes ensuring that the audit in this area has been carried out in compliance with relevant normative legal acts and applicable audit standards, adherence to the requirements of the Code of Ethics for Professional Accountants, the complete performance of the relevant audit procedures, the collection of sufficient and appropriate audit evidence, the timely completion of the audit with the required level of quality, and the proper formation of the Auditor’s Report or, where applicable, the proper preparation of the Independent Auditor’s Report concerning the audit results. Furthermore, it encompasses the full and proper fulfillment of the core obligations assumed under the “Agreement on the Provision of Audit Services.”

I confirm that, as an Auditor, within the scope of my authority and rights as established by the relevant legislative acts, I have fulfilled all responsibilities outlined above, as well as the obligations undertaken under the Agreement, in a timely, complete, and legally compliant manner.

### **“Conclusion on the Conducted Audit”**

Based on the audit evidence obtained and the relevant audit procedures performed during the course of the audit, I conclude that the comparative information presented in the Financial Statements, which were prepared and submitted in accordance with the above-mentioned International requirements, fairly represents the financial position of **Western Caspian University** during the reporting year and its financial results as of **December 31, 2024** (including turnover figures and balances under the relevant accounts of the accounting system) in accordance with the requirements of the International Financial Reporting Standards (IFRS).

The presented information provides a fair and faithful view of the operations carried out during the reporting period, as well as their nature, materiality, and substance. Furthermore, taking into account the observations made in the "Explanatory Paragraphs" section of this Report and other relevant matters identified during the audit of the University, the preparation and issuance of an Auditor's Report on the Financial Statements for the financial and operational activities of the University for the year 2024 is deemed justifiable and supported.

**Accordingly**, in fulfillment of the obligation undertaken under Contract No. 003-MHA dated January 23, 2025, titled "On the Provision of Audit Services," a **Qualified Positive Auditor's Report** was issued based on the results of the conducted audit. In accordance with Article 8 of the Law of the Republic of Azerbaijan "On Audit Services," this Report was duly signed and sealed by the Auditor.

Furthermore, this Report reflects the Auditor's professional assessment of the documents and evidence presented for the audit, the transactions carried out, the work performed, and the services rendered, as well as the financial condition of the University during the reporting year. It substantiates the objectivity of the findings described in the "Conclusion on the Conducted Audit" section and constitutes an official document with **legal significance** for all legal and natural persons, including **state authorities, administrative bodies, and judicial institutions**.

**The Independent Auditor's Report** was prepared in hard copy on **April 21, 2025**, in **two counterparts of equal legal force**. One counterpart was delivered to the "Client" in the format prescribed by the Chamber, for use as intended. The other counterpart, along with the electronic version, is retained by the Auditor.

**Engagement Auditor:**

**Ş.N.Shirinova**

**Chief Specialist Auditor:**

**A.A.Aliyev**

