

Guidance Note: 2

**Preparation of Financial Statements on Letter -Heads
and Stationery of Auditors**

1. Auditing Standards Board's attention has been drawn to the fact that financial statements of some enterprises are prepared on letter-heads and stationery of their auditor carrying the latter's names and addresses. The Board clarifies that the above practice is liable to be misinterpreted and, as such should be avoided.
2. The management of an enterprise has the primary responsibility for the preparation and presentation of the financial statements of the enterprise as indicated in NSA 01 Paragraph 6, that is the board of directors and/or other governing body of an enterprise is responsible for the preparation and presentation of its financial statements.
3. It has also been indicated in NSA 02 and NSA 08 that the preparation of the financial statements is the primary responsibility of the management of the enterprise.
4. Therefore, the management shall prepare the financial statements on letter - heads and stationery of the enterprise. In no case the financial statements of the enterprise shall be prepared on letter - heads and stationery of the auditor.