

[Date]

[Auditor Name]

[Auditing Firm Name]

[Address]

[City, State, Zip Code]

Subject: Representation Letter Regarding Inventory Count and Condition

Dear [Auditor Name],

This representation letter is provided in connection with your audit of the financial statements of [Company Name] for the period ended [Date]. We confirm, to the best of our knowledge and belief, the following representations made to you during your observation of the physical inventory count held on [Date of Count].

1. Ownership and Quantities

All inventories recorded in the books are the property of the Company. All items included in the count were physically present. No goods held on consignment for others are included in our inventory totals.

2. Completeness

The inventory count included all raw materials, work-in-progress, and finished goods. We have properly accounted for all items in transit, either inward or outward, based on the shipping terms (FOB shipping point or destination).

3. Condition and Valuation

Inventory is stated at the lower of cost or net realizable value. During the count, we identified and flagged all damaged, obsolete, or slow-moving items. Adequate provisions have been made for any losses expected on the sale or disposal of such items.

4. Cut-off Procedures

All sales and purchases have been recorded in the correct accounting period. The last receiving report used before the count was [Report Number], and the last shipping document used was [Document Number].

5. Pledges and Liens

None of the inventory is pledged as collateral or subject to any liens, except as disclosed in the financial statements.

6. Consistency

The methods used to determine inventory quantities and costs are consistent with those used in the prior year.

Sincerely,

[Signature]

[Name of Chief Financial Officer/Management Representative]

[Title]

[Signature]

[Name of Inventory Manager]

[Title]