

[Company Letterhead]

[Date]

[Auditor Name]

[Audit Firm Name]

[Address]

Subject: Management Representation Letter - Inventory Observation

Dear [Auditor Name],

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

1. We are responsible for the preparation and execution of the physical inventory count instructions and procedures.
2. The inventory quantities were determined by actual count, weight, or measurement by qualified personnel under our supervision.
3. All inventory items owned by the Company were included in the count, and no items belonging to third parties (consignment goods) were included in the Company's totals.
4. All inventory recorded was physically located at [Location Address] or was in transit for which legal title has passed to the Company.
5. The following cutoff information provided to you is complete and accurate as of the time of the count:
 - The last receiving report number issued was: [Number]
 - The last shipping document number issued was: [Number]
6. There was no movement of inventory during the count, or where movement was necessary, it was strictly controlled and recorded to ensure no double counting or omissions occurred.
7. All damaged, obsolete, or slow-moving inventory items were identified and set aside or noted for proper valuation at the lower of cost or net realizable value.
8. We have provided you with access to all financial records and related data relevant to the inventory records.

Very truly yours,

[Name of Chief Executive Officer]
[Title]

[Name of Chief Financial Officer]
[Title]

[Name of Inventory Manager]
[Title]