

[Company Letterhead]

[Date]

[Auditor Name/Accounting Firm]

[Address]

[City, State, Zip Code]

Subject: Representation Letter Regarding Raw Materials Valuation and Count

Dear [Auditor Name],

This representation letter is provided in connection with your audit of the financial statements of [Company Name] as of [Fiscal Year End Date]. We confirm, to the best of our knowledge and belief, the following representations regarding our raw materials inventory:

1. Physical Count

A physical count of all raw materials was conducted on [Date of Count]. All items recorded in the inventory records were physically present, and the quantities determined during the count have been accurately reflected in the general ledger.

2. Ownership and Title

The Company has valid title to all raw materials included in the inventory. None of the raw materials are held on consignment for third parties, and no inventory is pledged as collateral except as disclosed in the financial notes.

3. Valuation Method

Raw materials are valued at the lower of cost or net realizable value. Cost is determined using the [Insert Method, e.g., FIFO, Weighted Average] method. This basis has been applied consistently with the prior year.

4. Condition and Obsolescence

Provision has been made to reduce the value of slow-moving, obsolete, damaged, or unusable raw materials to their estimated net realizable value. We believe the carrying amount of raw materials is fair and recoverable.

5. Cut-off

All raw materials purchased and received up to the balance sheet date have been recorded as liabilities. No items received after the balance sheet date have been included in the physical count or valuation.

6. Commitments

At year-end, there were no significant purchase commitments for raw materials in excess of normal requirements or at prices significantly above current market rates.

Yours sincerely,

[Name of Authorized Officer]
[Title, e.g., CFO/Controller]

[Name of Inventory Manager]
[Title]