

[Company Letterhead]

[Date]

[Auditor Name]

[Audit Firm Name]

[Auditor Address]

Subject: Representation Letter Regarding Subsequent Events Affecting Inventory

Dear [Auditor Name],

This representation letter is provided in connection with your audit of the financial statements of [Company Name] for the period ended [Fiscal Year End Date]. This letter specifically addresses events occurring between the balance sheet date and the date of this letter that may affect the valuation, existence, or condition of inventory.

We confirm, to the best of our knowledge and belief, the following representations:

1. Since [Fiscal Year End Date], there have been no significant changes in the condition of inventory, including damage, obsolescence, or deterioration, that would require further write-downs to Net Realizable Value (NRV) other than those already recorded.
2. No significant loss of inventory has occurred due to fire, theft, or other casualties since the balance sheet date.
3. There have been no significant returns of goods by customers, nor have there been any significant claims made under product warranties that would indicate inventory defects existing at year-end.
4. No inventory has been pledged as collateral for new loans or affected by new liens or encumbrances since [Fiscal Year End Date].
5. There have been no significant price fluctuations in raw materials or finished goods that would materially impact the valuation of inventory held as of the balance sheet date.
6. All purchase commitments entered into since the balance sheet date have been made in the ordinary course of business at normal market prices.
7. We have disclosed to you all information regarding subsequent events that could affect the presentation or disclosure of inventory in the financial statements.

Sincerely,

[Signature]
[Name of Chief Executive Officer]
[Title]

[Signature]
[Name of Chief Financial Officer]
[Title]