

Date: [Insert Date]

To: [Recipient Name/Auditor Name]
[Company Name]
[Address Line 1]
[Address Line 2]

Subject: Representation Concerning Inventory Valuation and Impairment

Dear [Recipient Name],

This letter confirms the procedures and assertions regarding the valuation and impairment of inventory for [Company Name] as of the fiscal year ended [Date].

1. Inventory Valuation Method

We confirm that inventory is recorded at the lower of cost or net realizable value (NRV). Cost is determined using the [First-In, First-Out (FIFO) / Weighted Average] method.

2. Identification of Impairment

Management has reviewed the inventory for indications of impairment, including:

- Physical damage or obsolescence.
- Slow-moving or excess stock levels.
- Declines in selling prices or increases in costs to complete and sell.

3. Write-downs and Allowances

As a result of our review, an impairment charge of [Amount] has been recorded for the period. The total allowance for obsolescence currently stands at [Total Amount]. We believe these provisions are sufficient to cover expected losses from unsold or damaged goods.

4. Ownership and Liens

The company holds valid title to all inventory items included in the valuation. There are no liens or encumbrances on the inventory, except as disclosed in the financial statements.

5. Accuracy

Quantities were determined by physical count on [Date] and adjusted for transactions between the count date and year-end. To the best of our knowledge, the inventory records are accurate and complete.

Sincerely,

[Signature]

[Name of Authorized Officer]
[Title]
[Company Name]