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Date: [Insert Date]

To: [Insert Name of Recipient/Management Team]
From: [Insert Name of Auditor/Internal Controller]
Subject: Formal Notification of Deficiencies Regarding Acquired Asset Valuation and Impairment Testing

Dear [Insert Name],

During our recent review of the financial records for the period ending [Insert Date], we identified specific deficiencies concerning the valuation of acquired assets and the subsequent impairment assessment processes.

1. Identification of Deficiencies

The following areas were found to be non-compliant with standard accounting practices [e.g., IFRS 13 / ASC 820]:

- **Inaccurate Fair Value Measurement:** Discrepancies were noted between the reported fair value of [Insert Asset Name] and the market-based evidence available at the time of acquisition.
- **Inadequate Documentation:** There is a lack of supporting documentation regarding the assumptions and discount rates used in the discounted cash flow (DCF) models.
- **Failure to Trigger Impairment Review:** Despite indicators of a decline in asset utility or market value, no formal impairment test was conducted for [Insert Specific Asset/CGU].
- **Methodological Errors:** The methodology used to allocate the purchase price across identifiable intangible assets did not align with approved valuation frameworks.

2. Potential Financial Impact

Failure to address these valuation gaps may lead to an overstatement of total assets and net income on the balance sheet. This could result in a material misstatement of the financial statements and potential regulatory non-compliance.

3. Required Corrective Actions

We request that management performs the following actions by [Insert Deadline Date]:

- Re-evaluate the carrying amount of the aforementioned assets using verified market data.
- Provide a comprehensive written justification for all significant estimates and judgmental inputs used in valuation models.
- Formalize a quarterly impairment triggering event review process.

Please acknowledge receipt of this letter and provide a timeline for the remediation of these findings.

Sincerely,

[Insert Signature]
[Insert Printed Name]
[Insert Title/Department]