

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

**Subject: Report on the Audit of Inventory for the Period Ending [Date]**

Dear [Client Contact Person],

We were engaged to audit the financial statements of [Company Name] for the year ended [Date].

We were not appointed as auditors of the Company until [Date], and thus we did not observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at [Opening Date].

Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the profit for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Because of the significance of the matter described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows. Accordingly, we do not express an opinion on the results of operations and cash flows for the year ended [Date].

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of [Company Name] as of [Date], in accordance with [Accounting Framework].

Sincerely,

[Audit Firm Name]

[Authorized Signature]