

**Report of the Directors and  
Financial Statements for the year ended 31 December 2010  
for  
CROCS UK LIMITED**

WEDNESDAY



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**CROCS UK LIMITED**

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***for the year ended 31 December 2010***

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## **CROCS UK LIMITED**

### **Company Information** ***for the year ended 31 December 2010***

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#### **DIRECTORS.**

Crocs Europe BV  
R M J Akeroyd  
K D Graham

#### **SECRETARY**

B-J A Kalshoven

#### **REGISTERED OFFICE**

Warwick House  
Floor 3  
64-65 Cowcross Street  
Farringdon  
London  
EC1M 6EG

#### **REGISTERED NUMBER.**

6032591 (England and Wales)

#### **AUDITORS.**

Rostrons  
Chartered Accountants  
Statutory Auditors  
St Peter's House  
Cattle Market Street  
Norwich  
Norfolk  
NR1 3DY

## **CROCS UK LIMITED**

### **Report of the Directors for the year ended 31 December 2010**

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The directors present their report with the financial statements of the company for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the retail of footwear and clothing

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

Crocs Europe BV  
R M J Akeroyd  
K D Graham

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Rostrons, will be proposed for re-appointment at the forthcoming Annual General Meeting


**CROCS UK LIMITED**

**Report of the Directors  
for the year ended 31 December 2010**

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This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, appearing to read 'K D Graham', written in a cursive style.

K D Graham - Director

2 September 2011

## **Report of the Independent Auditors to the Shareholders of Crocs UK Limited**

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We have audited the financial statements of Crocs UK Limited for the year ended 31 December 2010 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not qualified in respect of going concern, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. At 31 December 2010 the company's current liabilities exceeded its total assets by £541,404. These conditions along with other matters explained in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue to trade as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Report of the Independent Auditors to the Shareholders of Crocs UK Limited**

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors



Elizabeth Claxton FCCA ACA (Senior Statutory Auditor)  
for and on behalf of Rostrons  
Chartered Accountants  
Statutory Auditors  
St Peter's House  
Cattle Market Street  
Norwich  
Norfolk  
NR1 3DY

2 September 2011

**CROCS UK LIMITED****Profit and Loss Account  
for the year ended 31 December 2010**

	Notes	31/12/10 £	31/12/09 £
<b>TURNOVER</b>		<b>3,160,299</b>	<b>2,677,504</b>
Cost of sales		<u>464,084</u>	<u>571,297</u>
<b>GROSS PROFIT</b>		<b>2,696,215</b>	<b>2,106,207</b>
Administrative expenses		<u>2,176,089</u>	<u>1,982,681</u>
<b>OPERATING PROFIT</b>	2	<b>520,126</b>	<b>123,526</b>
Interest receivable and similar income		<u>-</u>	<u>2,424</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>520,126</b>	<b>125,950</b>
Tax on profit on ordinary activities	3	<u>(142,161)</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>662,287</u></b>	<b><u>125,950</u></b>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements



## CROCS UK LIMITED

COMPANY NUMBER : 6032591

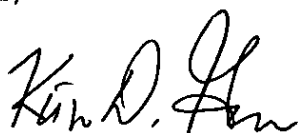
## Balance Sheet

31 December 2010

		31/12/10		31/12/09	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	4		481,780		559,269
<b>CURRENT ASSETS</b>					
Stocks		248,508		128,895	
Debtors	5	695,195		556,785	
Cash at bank		601,499		453,803	
		1,545,202		1,139,483	
<b>CREDITORS</b>					
Amounts falling due within one year	6	2,568,386		2,902,443	
<b>NET CURRENT LIABILITIES</b>			(1,023,184)		(1,762,960)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(541,404)		(1,203,691)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		1		1
Profit and loss account	9		(541,405)		(1,203,692)
<b>SHAREHOLDERS' FUNDS</b>	12		(541,404)		(1,203,691)

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on 2 September 2011 and were signed on its behalf by



K D Graham - Director

The notes form part of these financial statements

## CROCS UK LIMITED

### Notes to the Financial Statements for the year ended 31 December 2010

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#### 1 ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The accounts have been prepared on a going concern basis. This basis may not be appropriate because at 31 December 2010 the company had a balance sheet deficit of £541,404.

The company's ability to continue trading is dependent upon the support of its immediate parent, Crocs Europe BV, and the directors have received no formal guarantees that this support will be maintained indefinitely.

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

##### **Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings                      - 20% straight line

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Incentives received to enter into land and building leases are recognised as a reduction in rental expense. The benefit is allocated over the shorter of the lease term, or the period to the next review, on a straight line basis.

Lease premiums paid are allocated to the profit and loss account over the lease term on a straight line basis.

**CROCS UK LIMITED****Notes to the Financial Statements - continued  
for the year ended 31 December 2010****2 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	31/12/10	31/12/09
	£	£
Other operating leases	720,607	852,529
Depreciation - owned assets	137,818	181,083
Loss on disposal of fixed assets	99,249	183,774
Auditors' remuneration	8,500	8,500
Foreign exchange differences	29,274	(249,218)
	<u>          </u>	<u>          </u>
Directors' remuneration	-	-
	<u>          </u>	<u>          </u>

**3 TAXATION****Analysis of the tax credit**

The tax credit on the profit on ordinary activities for the year was as follows

	31/12/10	31/12/09
	£	£
Deferred tax	(142,161)	-
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	(142,161)	-
	<u>          </u>	<u>          </u>

## CROCS UK LIMITED

### Notes to the Financial Statements - continued for the year ended 31 December 2010

#### 3 TAXATION - continued

##### Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/10 £	31/12/09 £
Profit on ordinary activities before tax	<u>520,126</u>	<u>125,950</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	109,226	26,450
Effects of: Depreciation in excess of capital allowances	3,893	39,334
Tax losses utilised	(119,267)	(71,550)
Expenses not deductible for tax purposes	<u>6,148</u>	<u>5,766</u>
Current tax credit	<u>-</u>	<u>-</u>

A deferred tax asset has been recognised this year as there is expected to be sufficient taxable profits in the future against which the underlying timing differences can be deducted. The deferred tax credited in the profit and loss account has arisen as follows:

	31/12/10 £
Effect of adjustments to the estimated recoverable amount of deferred tax arising in previous periods	314,000
Origination and reversal of timing differences	<u>(171,839)</u>
Total deferred tax asset	<u>142,161</u>

The deferred tax asset in the balance sheet is in respect of the following:

	31/12/10 £
Depreciation in excess of capital allowances	12,889
Tax losses carried forward	<u>129,272</u>
	<u>142,161</u>

**CROCS UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2010**

**4 TANGIBLE FIXED ASSETS**

	Fixtures and fittings £
<b>COST</b>	
At 1 January 2010	783,009
Additions	159,578
Disposals	(144,108)
At 31 December 2010	<u>798,479</u>
<b>DEPRECIATION</b>	
At 1 January 2010	223,740
Charge for year	137,818
Eliminated on disposal	(44,859)
At 31 December 2010	<u>316,699</u>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<u><u>481,780</u></u>
At 31 December 2009	<u><u>559,269</u></u>

**5 DEBTORS**

	31/12/10 £	31/12/09 £
Amounts falling due within one year		
Other debtors	<u>185,782</u>	<u>221,438</u>
Amounts falling due after more than one year		
Other debtors	<u>509,413</u>	<u>335,347</u>
Aggregate amounts	<u><u>695,195</u></u>	<u><u>556,785</u></u>

Included in debtors due in more than one year is a deferred tax asset of £142,161 (31/12/09 - £nil)

**6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/12/10 £	31/12/09 £
Trade creditors	38,716	140,390
Amounts owed to group undertakings	2,114,899	2,202,652
Taxation and social security	15,028	46,612
Other creditors	<u>399,743</u>	<u>512,789</u>
	<u><u>2,568,386</u></u>	<u><u>2,902,443</u></u>

## CROCS UK LIMITED

### Notes to the Financial Statements - continued for the year ended 31 December 2010

#### 7 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	31/12/10 £	31/12/09 £
Expiring In more than five years	<u>725,000</u>	<u>730,000</u>

#### 8 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal value £1	31/12/10 £	31/12/09 £
1	Ordinary share	£1	<u>1</u>	<u>1</u>

#### 9 RESERVES

	Profit and loss account £
At 1 January 2010	(1,203,692)
Profit for the year	<u>662,287</u>
At 31 December 2010	<u>(541,405)</u>

#### 10 RELATED PARTY DISCLOSURES

The company, being a wholly owned subsidiary undertaking, has taken advantage of the exemption available under Financial Reporting Standard Number 8 from disclosing transactions with group companies, on the basis that consolidated group financial statements are publicly available

#### 11 ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Crocs Europe BV, a company incorporated in the Netherlands

The company's ultimate parent undertaking and controlling party is Crocs Inc, a company incorporated in the United States of America

Copies of the consolidated financial statements of Crocs Europe BV and Crocs Inc can be obtained from the registered office

**CROCS UK LIMITED**

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2010**

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**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31/12/10</b>	<b>31/12/09</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>662,287</b>	<b>125,950</b>
<b>Net addition to shareholders' funds</b>	<b>662,287</b>	<b>125,950</b>
Opening shareholders' funds	<b>(1,203,691)</b>	<b>(1,329,641)</b>
<b>Closing shareholders' funds</b>	<b>(541,404)</b>	<b>(1,203,691)</b>