

REGISTERED NUMBER: 06032591 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
CROCS UK LIMITED**

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for the year ended 31 December 2018

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CROCS UK LIMITED

Company Information
for the year ended 31 December 2018

DIRECTORS:

Crocs Europe BV
H J T Visser

SECRETARIES:

T A David
Abogado Nominees Limited

REGISTERED OFFICE:

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

REGISTERED NUMBER:

06032591 (England and Wales)

AUDITORS:

Rostrons
Chartered Accountants
Statutory Auditors
Yare House
62-64 Thorpe Road
Norwich
Norfolk
NR1 1RY

Strategic Report
for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Crocs UK Ltd (the company) is wholly owned by Crocs Europe B.V. which is based in Hoofddorp, the Netherlands. The principal activities of the company during the year was the sale of Crocs and Jibbitz-branded products in wholly-owned retail stores throughout the United Kingdom, and acting as a sales agent to earn commissions on Crocs products sold in non-Crocs stores in the UK.

The company operated 3 wholly-owned retail stores at 1 January 2018. All of these stores were closed by 31 December 2018. Retail operations have been disclosed as discontinued activities in these accounts.

REVIEW OF BUSINESS

Revenue fell by 49% to £1.4 million (31/12/17 - £2.7 million) and the gross profit fell by 39% to £1.2 million (31/12/17 - £2 million). The closure of the 3 stores during the year contributed to this reduction in sales and gross profits. Administrative expenses increased 88% to £3.2 million (31/12/17 - £1.7 million) primarily due to the write off of historic group balances of £2.8 million as set out in further detail in the exceptional items note to the accounts. The result for the financial year before tax is a loss of £2.0 million (31/12/17 - profit £0.2 million).

At the end of the year the company had net liabilities of £47,000 (31/12/2017 - net assets £2.0 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk factors relating to the company are as follows:

The ongoing Brexit process has minimal impact on the business. As we have closed our retail stores there is no movement of goods from Crocs Europe B.V. to Crocs UK Ltd.

The ongoing financial support required from Crocs Europe B.V.. The company has received assurance from Crocs Europe BV that this support will continue to be provided for at least another 12 months.

The risk factors have the full attention of the Board of Directors and are embedded in our short and long term strategy.

FINANCIAL INSTRUMENTS

Credit and interest rate risk

Crocs UK Limited does not have an external credit facility and does not pay or charge interest on group trading balances.

The company has no trade debts from outside the group.

In consequence the directors do not consider that Crocs UK Limited has material exposure in the case of fluctuations of the interest rate or credit risk.

Price and foreign currency exchange risk

Crocs UK Ltd has stopped buying inventory from Crocs Europe B.V. due to closure of all retail outlets. This minimizes risks due to currency exchange.

Liquidity and cash flow risk

Periodically liquidity budgets are prepared. Liquidity risks are controlled through the monitoring of the forecasts, and taking action when required. Crocs UK Limited does not have the need for an external credit facility as there are sufficient funds available to support the daily business from the ongoing financial support of its immediate parent Crocs Europe B.V.

Strategic Report
for the year ended 31 December 2018

FUTURE OUTLOOK

It is our intention to continue to improve all aspects of our business over the coming years and to aim to move to a position of profitability, whilst ensuring that our customers continue to enjoy the highest level of service available. Exiting out of retail has simplified the business and will help to enable the directors to focus on wholesale operations in the future.

ON BEHALF OF THE BOARD:

H J T Visser - Director

29 October 2019

Report of the Directors
for the year ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

Crocs Europe BV has held office during the whole of the period from 1 January 2018 to the date of this report.

Other changes in directors holding office are as follows:

H J T Visser - appointed 1 September 2018

A De Best - resigned 1 September 2018

DISCLOSURE IN THE STRATEGIC REPORT

Information on the company's financial instruments is included in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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.

Report of the Directors
for the year ended 31 December 2018

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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

H J T Visser - Director

29 October 2019

Report of the Independent Auditors to the Members of Crocs UK Limited

Opinion

We have audited the financial statements of Crocs UK Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Crocs UK Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of Crocs UK Limited

Use of our report

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.

Lewis Cooper FCA BFP (Senior Statutory Auditor)
for and on behalf of Rostrons
Chartered Accountants
Statutory Auditors
Yare House
62-64 Thorpe Road
Norwich
Norfolk
NR1 1RY

29 October 2019

Statement of Comprehensive Income
for the year ended 31 December 2018

		31/12/18 Continuing £	31/12/18 Discontinued £	31/12/18 Total £
	Notes			
REVENUE	3	969,720	386,087	1,355,807
Cost of sales		-	(145,502)	(145,502)
GROSS PROFIT		969,720	240,585	1,210,305
Administrative expenses		(288,457)	(2,935,230)	(3,223,687)
OPERATING PROFIT/(LOSS)	5	681,263	(2,694,645)	(2,013,382)
Amounts written off investments		-	-	-
Interest payable and similar expenses	6	(3,086)	-	(3,086)
PROFIT/(LOSS) BEFORE TAXATION		678,177	(2,694,645)	(2,016,468)
Tax on profit/(loss)	7	-	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		678,177	(2,694,645)	(2,016,468)
OTHER COMPREHENSIVE (LOSS)/INCOME				
Prior year adjustment				(8,239,534)
Income tax relating to other comprehensive (loss)/income				-
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX				(8,239,534)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR				(10,256,002)

The notes form part of these financial statements

Statement of Comprehensive Income
for the year ended 31 December 2018

		31/12/17 Continuing	31/12/17 Discontinued	31/12/17 Total as restated
	Notes	£	£	£
REVENUE	3	889,578	1,790,557	2,680,135
Cost of sales		-	(711,177)	(711,177)
GROSS PROFIT		889,578	1,079,380	1,968,958
Administrative expenses		(1,214,410)	(458,693)	(1,673,103)
OPERATING (LOSS)/PROFIT	5	(324,832)	620,687	295,855
Amounts written off investments		-	-	-
Interest payable and similar expenses	6	-	(68,146)	(68,146)
(LOSS)/PROFIT BEFORE TAXATION		(324,832)	552,541	227,709
Tax on (loss)/profit	7	-	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(324,832)</u>	<u>552,541</u>	227,709
OTHER COMPREHENSIVE (LOSS)/INCOME				
Prior year adjustment				8,239,534
Income tax relating to other comprehensive (loss)/income				-
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX				<u>8,239,534</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR				<u>8,467,243</u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

		31/12/18		31/12/17 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Property, plant and equipment	10		-		4,357
CURRENT ASSETS					
Inventories	11	-		61,352	
Debtors	12	213,640		14,468,383	
Cash at bank		643		122,253	
		<u>214,283</u>		<u>14,651,988</u>	
CREDITORS					
Amounts falling due within one year	13	<u>261,429</u>		<u>12,687,023</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(47,146)</u>		<u>1,964,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(47,146)</u>		<u>1,969,322</u>
CAPITAL AND RESERVES					
Called up share capital	15		2		1
Share premium	16	8,239,533			-
Other reserves	16		-		8,239,534
Retained earnings	16	<u>(8,286,681)</u>		<u>(6,270,213)</u>	
SHAREHOLDERS' FUNDS			<u>(47,146)</u>		<u>1,969,322</u>

The financial statements were approved by the Board of Directors on 29 October 2019 and were signed on its behalf by:

H J T Visser - Director

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2017	1	(6,497,922)	-	-	(6,497,921)
Changes in equity					
Profit for the year	-	227,709	-	-	227,709
Other comprehensive income	-	-	-	8,239,534	8,239,534
Total comprehensive income	-	227,709	-	8,239,534	8,467,243
Balance at 31 December 2017	1	(6,270,213)	-	8,239,534	1,969,322
Changes in equity					
Deficit for the year	-	(2,016,468)	-	-	(2,016,468)
Other comprehensive income	-	-	-	(8,239,534)	(8,239,534)
Total comprehensive loss	-	(2,016,468)	-	(8,239,534)	(10,256,002)
Issue of share capital	1	-	8,239,533	-	8,239,534
Balance at 31 December 2018	2	(8,286,681)	8,239,533	-	(47,146)

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2018

1. STATUTORY INFORMATION

Crocs UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The accounts have been prepared on a going concern basis. This basis may not be appropriate because at 31 December 2018 the deficit in shareholders' funds amounted to £47,146 (2017 - net assets £1,969,322).

The company's ability to continue trading is dependent upon the ongoing financial support of its parent company - Crocs Europe B.V. - who have indicated that this support will continue for a period of at least 12 months from the date that these financial statements are authorised for issue.

If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify fixed assets as current assets and long-term liabilities as due within one year.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Significant judgements and estimates

No significant judgements have had to be made by management in preparing these financial statements.

At 31 December 2017 the directors estimated the amounts which would be required under the "make-good" clauses in the company's property leases based on the condition of the properties at that reporting date. No such estimate was required at 31 December 2018.

At 31 December 2017 the directors made key assumptions of future revenues and costs in the determination of the need to impair certain assets within property, plant and equipment. The carrying amount of property, plant and equipment at 31 December 2017 was £4,357. No such assumptions concerning the future were required at 31 December 2018.

Revenue

Revenue from sales commission is recognised on fulfilled purchase orders made directly as a result of Crocs UK Limited mediation as agent, and when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity. Sales commission is charged to the parent company Crocs Europe B.V. The company uses the comparable uncontrolled price method to determine the transfer price to be applied.

Fixtures and fittings - 20% straight line

At the date of the statement of financial position, the company reviews the carrying value of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cost is measured on a moving average cost basis and includes purchase price, import duties and other costs incurred in bringing the inventories to their current location and condition.

Short-term trade creditors are measured at the transaction price.

Loan interest was paid to the parent company Crocs Europe B.V. in 2017 on a long term loan. The company uses the comparable uncontrolled price method to determine the rate of interest applied to the loan. The loan was repaid in full in 2017.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The company's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Foreign currencies

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

Leasing commitments

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Lease incentives are allocated to the income statement over the lease term on a straight-line basis.

Lease premiums paid are allocated to the income statement over the lease term on a straight-line basis.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Transfer pricing

Inventories for resale are purchased from the parent company Crocs Europe B.V. The company uses the transactional net margin method to account for these purchases. Crocs Europe B.V. purchases inventories from an unrelated third party manufacturer at an arms length price. No profit mark up is applied to the price charged to Crocs UK Limited. As a result, the cost of inventories comprises the cost of manufacture, shipping and any import duties for the group. Under the terms of the transactional net margin method Crocs Europe B.V. raises a transfer pricing adjustment to ensure an appropriate retail net operating profit is achieved in Crocs UK Limited.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Termination benefits are recognised only when the company is demonstrably committed to terminate the employment of an employee or a group of employees before their normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

3. REVENUE

The revenue and loss (2017 - profit) before taxation are attributable to the principal activities of the company.

An analysis of revenue by class of business is given below:

	31/12/18	31/12/17 as restated
	£	£
Sales of goods	386,087	1,790,557
Commission	969,720	889,578
	<u>1,355,807</u>	<u>2,680,135</u>

4. EMPLOYEES AND DIRECTORS

	31/12/18	31/12/17 as restated
	£	£
Wages and salaries	509,266	864,519
Social security costs	58,334	69,316
Other pension costs	2,362	3,937
	<u>569,962</u>	<u>937,772</u>

The average number of employees during the year was as follows:

	31/12/18	31/12/17 as restated
Shop staff	3	32
Sales representatives	5	6
Administration staff	-	1
	<u>8</u>	<u>39</u>

	31/12/18	31/12/17 as restated
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

All pension payments above relate to payments to defined contribution plans.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

5. OPERATING (LOSS)/PROFIT

The operating loss (2017 - operating profit) is stated after charging/(crediting):

	31/12/18	31/12/17 as restated
	£	£
Hire of plant and machinery	2,126	7,247
Other operating leases	339,308	492,127
Depreciation - owned assets	-	22,224
Loss on disposal of fixed assets	4,357	-
Auditors' remuneration	22,333	23,000
Foreign exchange differences	(25,132)	(502,429)
Cost of inventories recognised as an expense	145,502	711,177
Other services performed by the auditor	350	1,460
Termination payments	20,660	61,363

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31/12/18	31/12/17 as restated
	£	£
Interest on loans from group undertakings	-	61,172
Other interest	3,086	6,974
	3,086	68,146

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31/12/18	31/12/17 as restated
	£	£
(Loss)/profit before tax	<u>(2,016,468)</u>	<u>227,709</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	(383,129)	43,834
Effects of:		
Expenses not deductible for tax purposes	19,351	1,757
Depreciation in excess of capital allowances	828	-
Utilisation of tax losses	-	(49,869)
Deferred tax asset not recognised	<u>362,950</u>	<u>4,278</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	31/12/18	
	Gross £	Tax £
Prior year adjustment	<u>(8,239,534)</u>	<u>-</u>
		<u>(8,239,534)</u>
	31/12/17	
	Gross £	Tax £
Reduction in amounts owed to parent	<u>8,239,534</u>	<u>-</u>
		<u>8,239,534</u>

The company has unused tax losses of £4.8 million (31/12/2017 - £2.9 million). No deferred tax asset has been recognised in these accounts in respect of these losses.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

8. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to correct the allotment by the company of 1 share of £1 which was disclosed in the 2017 accounts. This share was not actually allotted in 2017 and was allotted instead in 2018 as set out in more detail in note 14 to the accounts.

The share was allotted on the release and satisfaction of the outstanding balance owed by the company to Crocs Europe B.V. pursuant to a loan agreement entered into on 1 December 2012. The amount of the consideration for the share on release of the loan was £8,239,534. Although the share was not allotted until 2018 Crocs Europe B.V. had agreed by 31 December 2017 to release Crocs UK Limited from this loan in return for the allotment of 1 share of £1 by Crocs UK Limited.

Therefore the loan of £8,239,534 due to Crocs Europe B.V. is not recognised in the 2017 accounts. The loan write off is recognised in 2017 as part of Total comprehensive income and is disclosed in Other reserves, as can be seen in the Statement of Changes in Equity on page 10.

On the allotment of the share in 2018 the balance in Other reserves has been released and share capital increased by £1 and a share premium of £8,239,533 recognised.

9. EXCEPTIONAL ITEMS

During the year irrecoverable group balances of £2,846,470 (31/12/2017 - £nil) were written off.

10. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £
COST	
At 1 January 2018	226,118
Disposals	(226,118)
At 31 December 2018	-
DEPRECIATION	
At 1 January 2018	221,761
Eliminated on disposal	(221,761)
At 31 December 2018	-
NET BOOK VALUE	
At 31 December 2018	-
At 31 December 2017	4,357

11. INVENTORIES

	31/12/18	31/12/17 as restated
	£	£
Goods for resale	-	61,352

Notes to the Financial Statements - continued
for the year ended 31 December 2018

12. DEBTORS

	31/12/18	31/12/17 as restated
	£	£
Amounts falling due within one year:		
Other debtors	60,375	142,834
Amounts owed by group undertakings	75,041	13,980,801
VAT	24,584	103,222
Prepayments and accrued income	33,015	151,283
	193,015	14,378,140
Amounts falling due after more than one year:		
Other debtors	20,625	90,243
Aggregate amounts	213,640	14,468,383

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/18	31/12/17 as restated
	£	£
Trade creditors	5,696	47,472
Amounts owed to group undertakings	178,214	12,321,522
Social security and other taxes	11,729	19,795
Accrued expenses	65,790	298,234
	261,429	12,687,023

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/18	31/12/17 as restated
	£	£
Within one year	71,875	343,998
Between one and five years	71,875	347,625
	143,750	691,623

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for the year ended 31 December 2018

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31/12/18	31/12/17 as restated
Number:	Class:			
			£	£
2	Ordinary	£1	<u>2</u>	<u>1</u>

1 Ordinary share of £1 was allotted as fully paid at a premium of £8,239,533 during the year.

During 2018 1 ordinary share of £1 was allotted on the release and satisfaction of the outstanding balance owed by the company to Crocs Europe B.V. pursuant to a loan agreement entered into on 1 December 2012. The amount of consideration for the share on release of the loan was £8,239,534.

All ordinary shares carry one vote per share. There are no restrictions on the distribution of dividends and the repayment of capital.

16. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2018	(6,270,213)	-	8,239,534	1,969,321
Deficit for the year	(2,016,468)			(2,016,468)
Cash share issue	-	8,239,533	(8,239,534)	(1)
At 31 December 2018	<u>(8,286,681)</u>	<u>8,239,533</u>	<u>-</u>	<u>(47,148)</u>

The reason for the use of Other reserves is described fully in Note 8 to the accounts.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. ULTIMATE CONTROLLING PARTY

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

The company's ultimate parent and controlling party is Crocs Inc., a company incorporated in the United States of America. The registered office of Crocs Inc. is 7477 East Dry Creek Parkway, Niwot (CO) 80503, USA.

Copies of the consolidated financial statements of Crocs Inc. are available online at www.crocs.com. The financial statements of Crocs UK Limited are consolidated in the financial statements of Crocs Inc.

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