

**Crocs UK Limited**  
**Financial Statements**  
**for the year ended**  
**31 December 2019**

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

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**DIRECTORS:**

Crocs Europe BV  
M Meijer

**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:**

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

**Statement of Financial Position**  
**31 December 2019**

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>as restated</b>
	<b>Notes</b>		<b>£</b>
<b>CURRENT ASSETS</b>			
Debtors	4	<b>63,377</b>	213,640
Cash at bank		<b>643</b>	643
		<b>64,020</b>	214,283
<b>CREDITORS</b>			
Amounts falling due within one year	5	<b>(1,747,399)</b>	(1,442,898)
<b>NET CURRENT LIABILITIES</b>		<b>(1,683,379)</b>	(1,228,615)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(1,683,379)</b>	(1,228,615)
<b>CAPITAL AND RESERVES</b>			
Called up share capital		<b>2</b>	2
Share premium		<b>8,239,533</b>	8,239,533
Retained earnings		<b>(9,922,914)</b>	(9,468,150)
<b>SHAREHOLDERS' FUNDS</b>		<b>(1,683,379)</b>	(1,228,615)

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 30 December 2020 and were signed on its behalf by:

M Meijer - Director

**Notes to the Financial Statements  
for the year ended 31 December 2019**

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**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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because the company made a loss for the year of £454,764 and the prior year adjustment set out in note 4 further reduced reserves. There is a deficit on shareholders' funds of £1,683,379 at 31 December 2019.

The company is entirely reliant on its parent company Crocs Europe BV for sales commission revenue. The basis for calculating this commission is as set out in the Revenue accounting policies note. The parent also provides all cash flow required to cover all costs, as the company has no independent source of revenue since it discontinued its UK retail activity in 2018.

Having regard to the above, the directors have obtained a letter of support from the parent company which confirms that the amount owed to the parent at 31 December 2019 of £1,683,921 will be converted into share capital during 2021. It similarly confirms that the expected UK loss and so the resulting amount owed to the parent for the support provided during 2020 will be converted into share capital in 2021 once the 31 December 2020 amount owed to the parent company has been calculated.

With regard to the Covid-19 Pandemic, the directors have received confirmation in the same letter of support that the directors of the parent company, when making their assessment of their ability to provide the support that has been guaranteed, have reviewed the cash flow forecast for Crocs Europe BV to ensure that it will be able to support the company for all of 2021 and provide any additional funding required.

In particular in response to both the Covid -19 Pandemic and the economic uncertainty presented by Brexit and the resulting impact on the financial statements for both the company and the parent, the directors of Crocs Europe BV have reviewed their financial forecast to assess the potential impact on their business of possible scenarios brought on by Covid -19, alongside measures that they can take to mitigate the impact. They are also continuing to monitor and assess the potential impact of various Brexit related scenarios. Due to the ongoing uncertainty regarding the final terms of any Brexit agreement, the directors of the parent have not been able to test these scenarios with any certainty.

Based on the letter of support, the current resources available to the parent company, and the measures that could be taken by the parent company in order to mitigate the uncertainty created by the current adverse conditions, the directors conclude that the going concern basis is appropriate.

**Significant judgements and estimates**

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

**Notes to the Financial Statements - continued  
for the year ended 31 December 2019**

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**2. ACCOUNTING POLICIES - continued**

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and sales commissions earned net of discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have substantially transferred to the buyer. Retail revenue is recognised upon physical transfer of the goods to the customer at the point of sale.

Sales commission is charged to the parent company Crocs Europe B.V. 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. The company uses the comparable uncontrolled transfer pricing method to determine the price to be applied to this sales commission.

**Financial instruments**

Short-term debtors are measured at transaction price, less any impairment.

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

**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.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**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 - discontinued activities**

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.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 5 (2018 - 8) .

**4. DEBTORS**

	2019	2018 as restated
	£	£
Amounts falling due within one year:		
Other debtors	<u>63,377</u>	<u>193,015</u>
Amounts falling due after more than one year:		
Other debtors	<u>-</u>	<u>20,625</u>
Aggregate amounts	<u>63,377</u>	<u>213,640</u>

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018 as restated
	£	£
Trade creditors	16,533	5,696
Amounts owed to group undertakings	1,683,921	1,359,683
Taxation and social security	11,587	11,729
Other creditors	<u>35,358</u>	<u>65,790</u>
	<u>1,747,399</u>	<u>1,442,898</u>

5. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

6. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Elizabeth Claxton FCCA FCA (Senior Statutory Auditor)  
for and on behalf of Haines Watts Rostrons Ltd

7. **OTHER FINANCIAL COMMITMENTS**

The company has total commitments under non-cancellable operating leases at the balance sheet date of £71,875 (31/12/2018 £143,750).

8. **POST BALANCE SHEET EVENTS**

After the year end the Covid-19 pandemic and the government lockdown measures which came into force on 23 March 2020 have affected trading, whilst Brexit uncertainty continues. It is not possible to estimate the financial effect.

Brexit may possibly introduce additional duties to be paid. The related risks to the sales in the UK of Crocs Europe BV products is currently unknown. In order to be aware of any impact of Brexit on the company's ability to earn sales commission in the UK, the directors are working closely with an internal team from the parent company and also advisors engaged by the parent company to stay abreast of risks.

The company's ability to earn the sales commission from its parent company, Crocs Europe BV, has been impacted by the Covid-19 pandemic due to the closure of stores in the UK as part of UK Government measures to reduce the spread of the virus. However, action taken by the parent company to manage inventory and cashflow has enabled its support of the UK company cashflow to continue uninterrupted. The UK company took advantage of the Coronavirus Job Retention Scheme during March to June 2020 and since then UK employees have been able to work from home to generate sales.

9. **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.



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