 Name _____

Crocs: Bad Debts in a Real Balance Sheet

Source: Crocs, Inc. Form 10-K, year ended December 31, 2024 (condensed; amounts in thousands) · sec.gov/Archives/edgar/data/1334036/000133403625000009/crox-20241231.htm

Crocs, Inc.
Consolidated Balance Sheet

	Dec 31, 2024
Cash and cash equivalents	$ 180,485
Accounts receivable (gross)	289,236
Less: Allowance for doubtful accounts (ADA)	(31,579)
Accounts receivable, net	257,657
Inventories	356,254
Other current assets	77,873
Total current assets	872,269
Property, goodwill, brands and other	3,939,884
Total assets	$ 4,812,153
Total current liabilities	$ 740,208
Long-term liabilities	2,236,213
Total liabilities	2,976,421
Total stockholders' equity	1,835,732
Total liabilities and equity	$ 4,812,153

Crocs, Inc.
Allowance for Doubtful Accounts (ADA)

	2024
Balance, Dec 31, 2023	$ 27,591
Add: Bad debt expense (new estimates)	?
Less: Accounts written off	?
Balance, Dec 31, 2024	$ 31,579

BACKGROUND
Crocs sells many of its shoes to retailers and distributors (shoe stores, department stores) on credit. They pay weeks later.

ACCOUNTS & TERMS

Accounts receivable (gross A/R)
The total amount customers owe for goods sold on credit. An asset.

Allowance for doubtful accounts (ADA)
The estimated total amount of A/R that will not be collected, as of the balance sheet date. A contra-asset subtracted from A/R.

Accounts receivable, net (net A/R)
Gross A/R − ADA: the amount the company expects to collect.

Bad debt expense (BDE)
An operating expense on the income statement: the amount needed to bring ADA up to the new estimate. For example, if ADA was $1,000 and the company now expects $3,000 of A/R will not be collected, it records $2,000 of BDE.

Write-off
Removing a specific customer's account once it is known to be uncollectible.

Allowance method (GAAP)
Estimate BDE in the same period as the credit sales (matching principle).

FIND IT IN THE STATEMENTS

Write the amount ($ thousands, or %).

1. In total, how much did customers owe Crocs at year-end? **289,236**
2. How much does Crocs estimate it will never collect? **31,579**
3. How much does Crocs actually expect to collect in cash? **257,657**
4. What percentage of what customers owe does Crocs expect never to collect? **10.9%**
5. Out of every $100 customers owe, about how much does Crocs expect to collect? **$89**
6. By how much did the allowance increase during 2024? **3,988**

Crocs's reported "allowances" ($31,579) also include reserves for customer returns and discounts; this worksheet treats the total as the allowance for doubtful accounts. Accounts receivable (gross), other current assets, "property, goodwill, brands and other" and long-term liabilities are derived from reported totals.