Crocs: Property and Equipment in Real Financial Statements

In Ch8 we read Crocs's receivables. Now look at the machines, warehouses and stores it uses for years: property and equipment (PPE).

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 Sheets (assets)

	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	$ 180,485	$ 149,288
Accounts receivable, net	257,657	305,747
Inventories	356,254	385,054
Other current assets	77,873	70,615
Total current assets	872,269	910,704
Property and equipment, net	244,335	238,315
Goodwill and intangible assets	2,488,571	2,504,150
Other noncurrent assets	1,206,978	990,665
Total assets	$ 4,812,153	$ 4,643,834

Crocs, Inc.
Note 4: Property and Equipment

	Dec 31, 2024	Dec 31, 2023
Machinery and equipment	$ 190,134	$ 163,919
Leasehold improvements	156,091	149,132
Furniture, fixtures, and other	40,702	32,356
Construction in progress	10,863	13,418
Property and equipment, at cost	?	?
Less: Accumulated depreciation	(153,455)	(120,510)
Property and equipment, net	$ 244,335	$ 238,315

Crocs, Inc.
Depreciation Expense, 2024

	2024
In cost of sales	$ 20,673
In SG&A expenses	26,233
Total depreciation expense	$ 46,906

From the 10-K (accounting policy)

*"Property, equipment, furniture, and fixtures are stated at **original cost, less accumulated depreciation**. Depreciation is provided using the **straight-line method** over the estimated useful asset lives. The useful lives … typically range from **2 to 10 years** for machinery and equipment and furniture, fixtures and others."*

Accounts & Terms

Property and equipment (PPE), at cost
What the company paid to buy the assets and get them ready to use (cost principle). An asset.

Accumulated depreciation (AccDep)
The total depreciation recorded so far on the assets still owned. A contra-asset subtracted from PPE.

PPE, net (book value)
PPE at cost − AccDep: the cost not yet depreciated. It is not the market value.

Depreciation expense
This year's share of the cost. Straight-line: (Cost − Residual value) ÷ Useful life.

Find it in the statements

Write the amount ($ thousands, or %).

Answer as of **December 31, 2024**, unless a question says otherwise.

1. What did Crocs originally pay for the property and equipment it still owns (the "?" in Note 4)? **397,790**
2. How much of that cost has been depreciated so far? **153,455**
3. What is the book value of Crocs's property and equipment? **244,335**
4. What percentage of the cost has been depreciated so far? **38.6%**
5. What percentage of Crocs's total assets is property and equipment, net?† **5.1%**
6. How much depreciation expense did Crocs record in 2024? **46,906**
7. Crocs buys a warehouse machine for **$100,000**, to be used for **10 years** with **no residual value**. Straight-line depreciation per year? **$10,000**

† Only about 5%: "All of our footwear products are manufactured by third-party manufacturers," so Crocs owns no shoe factories. Compare an airline, whose airplanes are about half of its assets.

** "Other current assets," "goodwill and intangible assets" and "other noncurrent assets" combine reported lines. Depreciation also lowers net income through cost of sales and SG&A; it uses no cash.