

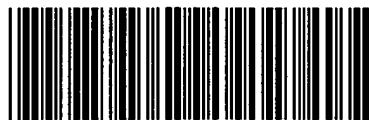
Registration number: 03724493

Topgolf Limited

Annual Report and Financial Statements

for the Period from 3 January 2022 to 31 December 2022

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Topgolf Limited
Company Information

Registration number: 03724493

Directors B J Sharpe (appointed 30 May 2023)
 S C A Acosta (appointed 30 May 2023)

Company secretary G M Jones

Registered office Unit 8 Shepperton Business Park
 Govett Avenue
 Shepperton
 Surrey
 TW17 8BA

Bankers Barclays Bank Plc
 Church Place
 1 Church Place
 London
 E14 5HP

Auditor RSM UK Audit LLP
 25 Farringdon Street
 London
 EC4A 4AB

Strategic Report for the Period from 3 January 2022 to 31 December 2022

The director presents the strategic report for the period from 3 January 2022 to 31 December 2022.

Principal activity

The principal activity of the company continues to be the operation of Topgolf Venues in the UK with a focus on driving expansion in both the UK and International markets with Toptracer Range and International Franchise Partners.

Fair review of the business

Ultimately the company is a 100% owned subsidiary of Topgolf Callaway Brands Corp. based in the USA. The company reported increased revenue of 47% in the year with UK Venues up by 21%. This increase was driven by the reopening of venues following Covid-19. Toptracer Range revenue was up 94% on last year, and represents the drive to grow this business in both the UK and overseas. In December 2022, Topgolf Glasgow opened. The venue has over 70 all-weather bays with TopTracer technology and HD TVs.

Revenue from International Franchise Partners grew 86%. The management team continue to work with franchise partners to develop a pipeline of further international venues.

As the growth of Toptracer venues increase, continued investment in the business means there is another loss in the year, however the directors believe this investment is fully aligned with the strategy and will create a very strong business in the future.

During the reporting period the company employed 587 employees. The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through regular meetings with the senior management whose job it is to communicate with employees generally.

The company's key financial and other performance indicators during the period were as follows:

	Units	31 Dec 2022	2 Jan 2022	3 Jan 2021
Turnover	£'000	41,885	28,483	20,082
Gross margin	%	67	66	52
Turnover growth/(loss)	%	47	42	(17)
Loss before tax	£'000	(12,393)	(8,088)	(13,609)
Games played	No.	2,089,597	1,625,060	1,168,693
Visits	No.	1,026,681	831,794	612,316

Principal risks and uncertainties

The UK business has been affected by the challenging macroeconomic conditions due to the after-effects of Covid-19, as well as inflationary pressures and the current war in Ukraine, resulting in some pressure on costs however it has managed these risks robustly. The pandemic has continued to present risks to the international business, with both the Australian and Chinese franchise partner venues continuing to be impacted by local closures.

The directors and management team have continued to monitor developments in relation to Brexit and the potential impact on the international element of both the Toptracer and franchise partner businesses, working with the global supply chain and our logistics partners to mitigate any material, adverse impact.

With the expansion of the business into International markets, the company is now exposed to foreign currency rate risk. The management team work together with the parent company to monitor the risk and will consider instruments that may be available.

**Strategic Report for the Period from 3 January 2022 to 31 December 2022
(continued)**

The company continues to operate in a highly competitive market place particularly with regard to pricing, promotional activity and rapidly changing customer preferences. The company manages competitive trading risk by focusing on the provision of the best customer experience. This is achieved by maintaining an appealing environment through a comprehensive refurbishment programme, continually refreshing the food and beverage options and monitoring and responding to customer feedback.

Financial instruments

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks. The main risks arising from the company's financial instruments is liquidity risk and with the expansion of new business streams, foreign exchange rate risk. The management team monitor these risks and work together with the wider group to ensure the risks are appropriately managed.

Future Developments

The hospitality trade continues to successfully trade following the Covid-19 pandemic. However, trade has been faced with new challenges owing to the current economic environment where high energy prices, rising inflation and the consequences of war in Ukraine have resulted in supply issues, increased overheads and a cost of living crisis. Despite these conditions, the company has seen growth across all revenue streams in 2022 and will proceed with plans to open new domestic venues, develop a pipeline of further international franchise partner venues and continue to expand Toptracer to maintain the continued growth in revenue.

Section 172 Statement

Where a company meets the relevant thresholds, it is required to explain how its directors have considered and applied their statutory duty to promote the success of the company. The directors of the company comply with their duties under Section 172(1) Companies Act 2006 by overseeing the operations of the company and how the company's actions affect stakeholders. The company aims to make sure decisions are consistent and appropriate in all circumstances by ensuring the processes in place are driven by the company's purpose, vision and values alongside its strategic priorities, as documented in its articles of association.

These decisions will be governed by the aforementioned policy and be driven by their ability to promote the success of the company with due consideration to the relevant interests of stakeholders. Investment decisions throughout the year have been given significant consideration with rigorous business case proposals and support drafted to outline the long-term benefits to the company and the wider group.

The company aims to build and develop enduring relationships with its stakeholders, namely; its employees, customers, suppliers, partners, franchisees and local communities associated with the company. The company believes the consequences of its decisions will be beneficial to both its shareholders and stakeholders in the long term.

Employees

The company's employees are pivotal to the success of the business and as such the company aims to ensure that employees are properly trained, incentivised and provided with opportunities to excel from which they will be appropriately rewarded. Numerous employees have been with the company for over 10 years highlighting both the environment and the ability to develop and work towards new roles offered. The company continues to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through regular meetings with senior management whose job it is to communicate with employees generally.

Strategic Report for the Period from 3 January 2022 to 31 December 2022
(continued)

Employee satisfaction is measured through an employee engagement survey which is carried out periodically and the results from which are used to highlight successes or changes where necessary.

Anti-slavery and human trafficking statement

The company has a zero tolerance policy on slavery and human trafficking which is outlined in the Anti-slavery and human trafficking statement that is publicly available on the Topgolf website.

Customers

Customers are critical to the success of the company and innovation, investment and upgrades are made regularly in order to drive customer loyalty. Across 2022, 67% of visitors to UK venues were repeat visitors demonstrating the success and popularity of the product. The Company aims to foster this loyalty by continually upgrading the UK sites and games available while extending and developing brand awareness and global reach through the international franchise and Toptracer business.

Franchise Partners

The company continues to foster relationships with franchise partners to develop a pipeline of further international venues. The Company aims to work with partners who have a proven track record in their markets and significant experience working within a franchise model. Their interests are considered in all decisions made that will impact the brand they are representing.

Approved by the Board on the 11th September 2023 and signed on its behalf by:


Ben Sharpe (Sep 21, 2023 16:42 GMT+1)

B J Sharpe
Director


Susana Arevalo (Sep 21, 2023 14:05 CDT)

S C A Acosta
Director

Directors' Report for the Period from 3 January 2022 to 31 December 2022

The directors present the directors report for the period from 3 January 2022 to 31 December 2022.

Directors of the company

The directors who held office during the period were as follows:

W B Davenport (resigned 31 May 2023)

B J Sharpe (appointed 30 May 2023)

S C A Acosta (appointed 30 May 2023)

Directors' Indemnity

The Articles contain a provision whereby each of the Directors is indemnified by the Company in respect of liability in relation to: (i) any liability incurred by that director in connection with any negligence, default breach of duty or breach of trust in relation to the company or associated company, (ii) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme as defined in section 235(6) of the Companies Act 2006, and (iii) any other liability incurred by that director as an officer of the company or an associated company.

This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

The Directors of the Company have the benefit of Directors' and Officers' liability insurance as permitted by Section 233 of the Companies Act 2006 which has been purchased and maintained by the Company's parent company, Topgolf Callaway Brands Corp.

Dividends

The directors do not recommend the payment of a dividend (year ended 2 January 2022 - £nil).

Going concern

During the year the UK continued to recover from the impacts of the Covid-19 pandemic which had spread across the world and disrupted the global economy. The UK has also been indirectly affected by the war in Ukraine as well as there being a cost of living crisis. Covid-19 specifically has had a significant impact on the leisure, hospitality and entertainment sectors, in which the company operates. However, the company has managed this risk appropriately in regards to cashflow with continued revenue growth and works with Topgolf Callaway Brands Corp. to manage business funding.

In this context, the directors have prepared forecasts for the going concern assessment period of 12 months from approval of the financial statements. This takes into account a number of scenarios and ascertains the cash needs of the company in order to continue to meet its liabilities as they fall due throughout the assessment period. As the company is still in a growth phase, due to the number of Toptracer bays being installed year on year, it continues to make losses, and whilst the directors have prepared forecasts that indicate the ability to meet liabilities as they fall due during the going concern assessment period this is predicated on the financial support of the ultimate parent undertaking, Topgolf Callaway Brands Corp. Accordingly, Topgolf Callaway Brands Corp. have provided a parental support letter indicating that they have the ability to, and will, provide financial support and other support as necessary for the company and its subsidiaries, to meet its liabilities as they fall due for a period of 12 months from approval of the financial statements.

After making due enquiries and considering the forecasts of the company and the support available from the ultimate parent company described above, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the going concern assessment period of 12 months from approval of the financial statements. These considerations include the financial strength of Topgolf Callaway Brands Corp. and their ability to provide the support indicated. Accordingly, the financial statements have been prepared on the going concern basis.

Directors' Report for the Period from 3 January 2022 to 31 December 2022 (continued)

Employment of disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through regular meetings with the senior management whose job it is to communicate with employees generally.

Engagement with suppliers, customers, and others in a business relationship with the Company statement

The Company aims to build and develop enduring relationships with employees, customers, suppliers, partners/franchisees, the local communities in the areas within which we operate and our shareholders. In accordance, with the Regulations, the Company is required to disclose a statement of how the directors have engaged with key stakeholders of the Company and have taken account of their interests during the financial year. For further information please refer to the 'Section 172 Statement'.

Streamlined Energy and Carbon Reporting

Our environment

The Company recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption, carbon emissions, water usage and waste.

Energy Consumption and Carbon Emissions

Energy consumption at the Company's venues has been an important consideration since it's construction. The venues are designed to let in sunlight, providing natural lighting and reducing the need for heating. The business continues to promote our energy saving across its offices through the timely supply of accurate energy consumption reporting.

Greenhouse gas emissions

We report Scope 1 and 2 emissions defined by the Greenhouse Gas protocol as follows:

Scope 1 (Direct emissions): operation of facilities; and

Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam.

Greenhouse gas emissions data

Emissions data in respect of the 2022 reporting period was as follows:

	31 Dec 2022	2 Jan 2022
Emission Type	CO2e tonnes	
Scope 1: emissions	402	263
Scope 2: emissions	192	379
Total Emissions	594	642

Directors' Report for the Period from 3 January 2022 to 31 December 2022
(continued)

Greenhouse gas emissions intensity ratio:

	31 Dec 2022	2 Jan 2022
Total Footprint kWh	4,545,462	3,057,065
Total footprint (Scope 1 and Scope 2) – CO2e tonnes	594	642
Turnover (£)	£41,885,637	£28,483,393
Intensity Ratio (CO2e tonnes/£1m)	14.18	22.54

Scope and Methodology:

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions. We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), except where stated. The period of our report is from 3 January 2022 to 31 December 2022.


Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Auditor

RSM UK Audit LLP have indicated its willingness to continue in office and are deemed re-appointed as auditor of the Company.

Approved by the Board on the 11th September 2023 and signed on its behalf by:


Ben Sharpe (Sep 21, 2023 16:42 GMT+1)

B J Sharpe
Director


Susana Arevalo (Sep 21, 2023 14:05 CDT)

S C A Acosta
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

Independent Auditor's Report to the Members of Topgolf Limited

Opinion

We have audited the financial statements of Topgolf Limited (the 'company') for the period ended 31 December 2022 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Topgolf Limited (continued)

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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 director's report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement set out on page 8, 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 is 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.

Auditor's 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 an auditor's report 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Independent Auditor's Report to the Members of Topgolf Limited (continued)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are as follows:

Legislation/ Regulation

FRS 102 and the Companies Act 2006

Audit procedures performed by the audit engagement team included:

Review of the financial statement disclosures and testing to supporting documentation.
Completion of disclosure checklists to identify areas of non- compliance.

Tax compliance regulations

Review of the Company's tax computations.
Inspecting correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements were determined as follows:

Legislation / Regulation

Health and safety in the workplace

Audit procedures performed by the audit engagement team included:

We held discussions with management whether the company is in compliance with these laws and regulations and reviewed documentation demonstrating compliance.

General Data Protection Regulation

We held discussions with management whether the company is in compliance with these laws and regulations and reviewed documentation demonstrating compliance.

**Independent Auditor's Report to the Members of Topgolf Limited
(continued)**

The audit engagement team identified the following areas as being susceptible to material misstatement due to fraud:

Risk	Audit procedures performed by the audit engagement team included:
Existence and cut off of revenue	Site revenue was reviewed by performing a reconciliation between the accounting records and total cash receipts within the year. Rental and franchise income were agreed to underlying contracts, and reviewed to ensure recognised in the correct accounting period.
Management override of controls	Testing the appropriateness of journal entries and other adjustments. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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 an auditor's report 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.



Saxon Moseley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date: 22nd September 2023

Topgolf Limited

Registration number: 03724493

Profit and Loss Account for the Period from 3 January 2022 to 31 December 2022

		3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	Note	£	£
Turnover	4	41,885,637	28,483,393
Cost of sales		(13,870,227)	(9,568,284)
Gross profit		28,015,410	18,915,109
Administrative expenses		(40,416,612)	(28,242,760)
Other operating income	6	-	1,322,868
Operating loss	7	(12,401,202)	(8,004,783)
Other interest receivable and similar income	11	1,282	91
Interest payable and similar expenses	12	(116,253)	(98,147)
Profit on disposal		3,000	13,850
Loss before tax		(12,513,173)	(8,088,989)
Taxation charge	13	119,752	(53,373)
Loss for the financial period		(12,393,421)	(8,142,362)

The above results were derived from continuing operations.

Statement of Comprehensive Income

There is no other comprehensive income for the current or prior year other than that shown above.

The notes on pages 16 to 33 form an integral part of these financial statements.

Topgolf Limited


Registration number: 03724493

Balance Sheet as at 31 December 2022

		31 December 2022	Restated 2 January 2022
	Note	£	£
Fixed assets			
Intangible assets	14	3,068,236	4,602,354
Tangible assets	15	22,608,636	13,618,679
Investments	16	71,952,513	59,186,498
		97,629,385	77,407,531
Current assets			
Stocks	17	12,287,024	5,001,028
Debtors	18	10,014,138	6,734,597
Cash at bank and in hand		18,193,908	2,874,023
		40,495,070	14,609,648
Creditors: Amounts falling due within one year	19	(20,794,320)	(12,366,005)
Net current assets/(liabilities)		19,700,750	2,243,643
Total assets less current liabilities		117,330,135	79,651,174
Provisions for liabilities	20	(1,762,395)	(1,634,158)
Net assets		115,567,740	78,017,017
Capital and reserves			
Called up share capital	21	57,257,130	57,257,130
Capital Contribution	22	106,954,737	57,010,593
Share premium reserve	22	1,813,548	1,813,548
Profit and loss account	22	(50,457,675)	(38,064,254)
Total equity		115,567,740	78,017,017

The notes on pages 16 to 33 form an integral part of these financial statements.

The financial statements were approved and authorised by the Board on the 11th September 2023 and signed on its behalf by:


Ben Sharpe (Sep 21, 2023 16:42 GMT+1)

B J Sharpe
Director


Susana Arevalo (Sep 21, 2023 14:05 CDT)

S C A Acosta
Director

Topgolf Limited

Registration number: 03724493

Statement of Changes in Equity for the Period from 3 January 2022 to 31 December 2022

	Share Capital	Capital Contribution	Share Premium	Profit and Loss Account	Total
	£	£	£	£	£
(Restated) At 3 January 2022	57,257,130	57,010,593	1,813,548	(38,064,254)	78,017,017
Loss for the period	-	-	-	(12,393,421)	(12,393,421)
Capital Contribution	-	49,944,144	-	-	49,944,144
At 31 December 2022	57,257,130	106,954,737	1,813,548	(50,457,675)	115,567,740

	Share Capital	Capital Contribution	Share Premium	Profit and Loss Account	Total
	£	£	£	£	£
At 4 January 2021	57,257,130	37,440,711	1,813,548	(29,921,892)	66,589,497
Loss for the period	-	-	-	(8,142,362)	(8,142,362)
Capital Contribution	-	15,911,008	-	-	15,911,008
At 2 January 2022	57,257,130	53,351,719	1,813,548	(38,064,254)	74,358,143
Correction to prior period	-	3,658,874	-	-	3,658,874
(Restated) At 2 January 2022	57,257,130	57,010,593	1,813,548	(38,064,254)	78,017,017

The notes on pages 16 to 33 form an integral part of these financial statements.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales. The address of its registered office is:

Unit 8 Shepperton Business Park
Govett Avenue,
Shepperton
Surrey
TW17 8BA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements were prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

The company's functional and presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest £.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders. The company is a qualifying entity as its parent company produces publicly available consolidated financial statements.

The company has taken advantage of the following exemptions:

- from disclosing the company key management personnel compensation;
- from disclosing transactions with other wholly owned entities for the period that they form part of the same group;
- from preparing a statement of cash flows and the related notes on the basis that it is a qualifying entity and its ultimate parent company, Topgolf Callaway Brands Corp., includes the company's cash flows in its own consolidated financial statements; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
 - (a) categories of financial instruments;
 - (b) items of income, expenses, gains or losses relating to financial instruments; and
 - (c) exposure to management of financial risks.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Name of parent of group

The company's ultimate parent is Topgolf Callaway Brands Corp., a company based in Carlsbad, California, USA and listed on the New York Stock Exchange. The financial statements of Topgolf Callaway Brands Corp. may be obtained from Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle Delaware, 19801, USA.

Group financial statements not prepared

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Topgolf Callaway Brands Corp., a company incorporated in the United States.

Going concern

During the year the UK continued to recover from the impacts of the Covid-19 pandemic which had spread across the world and disrupted the global economy. The UK has also been indirectly affected by the war in Ukraine as well as there being a cost of living crisis. Covid-19 specifically has had a significant impact on the leisure, hospitality and entertainment sectors, in which the company operates. However, the company has managed this risk appropriately in regards to cashflow with continued revenue growth and works with Topgolf Callaway Brands Corp. to manage business funding.

In this context the director has prepared forecasts for the going concern assessment period of 12 months from approval of the financial statements. This takes into account a number of scenarios and ascertains the cash needs of the company in order to continue to meet its liabilities as they fall due throughout the assessment period. As the company is still in a growth/investment phase it continues to make losses and whilst the director has prepared forecasts that indicate the ability to meet liabilities as they fall due during the going concern assessment period this is predicated on the financial support of the new ultimate parent undertaking, Topgolf Callaway Brands Corp., following their acquisition of the Topgolf Group in 2021. Accordingly, Topgolf Callaway Brands Corp. have provided a parental support letter indicating that they have the ability to, and will, provide financial support and other support as necessary for the company and its subsidiaries, to meet its liabilities as they fall due for a period of 12 months from approval of the financial statements.

After making due enquiries and considering the forecasts of the company and the support available from the ultimate parent company described above, the director has a reasonable expectation that the company has adequate resources to continue in operation for the going concern assessment period of 12 months from approval of the financial statements. These considerations include the financial strength of Topgolf Callaway Brands Corp. and their ability to provide the support indicated. Accordingly, the financial statements have been prepared on the going concern basis.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Turnover is represented by income from the Topgolf venue operations which include game and membership, food and beverage, coaching and golf shop rental revenue all excluding value added tax. In addition, turnover includes consideration receivable for the provision of management services to fellow group companies as well as revenue from licensing Toptracer ball tracking equipment and royalties received on the operation of International Topgolf venues.

Game revenue relates to the sale of game credits and is recognised when the game is played. Food and beverage revenue is recognised on a cash basis. Revenue from the provision of management services, licensing and royalty income is recognised over the period in which the service is provided.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Intangible assets

Patents have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Licenses are granted for a period of time as defined in each license agreement and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Patents	10 years straight line basis
Licenses	4-7 years straight line basis

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

2. Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Shorter of estimated useful economic life or remaining period of the lease
Fixtures and fittings	10% to 33% per annum on a straight line basis
Computer equipment	13% to 33% per annum straight line basis
Golf range equipment	4% to 33% per annum on a straight line basis

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets under construction represent costs of constructing and developing sites that are not yet in use. Accordingly, these assets are not depreciated.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. When the grant relates to an expense item, it is recognised in the Income Statement on a systematic basis over the periods that the related costs, for which the grant is intended to compensate, are expensed. During the period, the company did not benefit from government grant receipts (2 Jan 2022: £1,253,348) in the form of the Coronavirus Job Retention Scheme and did not benefit from other grant income relating to additional restriction grants available to businesses in the retail, hospitality and leisure sectors in England (2 Jan 2022: £69,930).

Share-based payments

The company is part of the Topgolf Callaway Brands Corp. Share plan.

Topgolf Callaway Brands has issued share options to certain company employees. The weighted fair value of options granted in the year are determined using the Black-Scholes option pricing model at the date of grant.

Fair values are expensed on a straight line basis over the vesting periods, based on the estimated number of options that will eventually vest. As the company is reimbursed by the parent company for the expense, a corresponding adjustment is made to capital contribution. The expected life is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Cancellation or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

3 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The significant areas of estimation for the company are:

Key sources of estimation uncertainty

- the future remediation costs of the four Topgolf gaming centres operated by the company that are expected to arise at the expiry of the current operating lease arrangements in the next 10 to 15 years.
- the assessment of the expected future cash flows applied in measuring the potential impairment of the carrying value of its investments, fixed assets and intangible assets giving specific focus to the Toptracer part of the business.
- the useful economic life of fixed and intangible assets applied in measuring the potential impairment of the carrying value.
- the fair value of share options is measured using the Black-Scholes option pricing model. Estimates are made by management including in respect to the estimated number of shares that will eventually best based on historical experience.

4 Turnover

The analysis of the company's revenue for the period from continuing operations is as follows:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Food and beverage sales	12,342,136	9,043,101
Game sales	13,636,860	11,226,995
Licensing fees	8,638,508	4,376,277
Royalty and equipment sales	7,268,133	3,837,020
	41,885,637	28,483,393

The analysis of the company's turnover for the period by market is as follows:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
UK and rest of Europe	38,279,591	25,576,512
Rest of world	3,606,046	2,906,881
	41,885,637	28,483,393

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

5 Lessor Accounting

The amount of non-cancellable operating lease income is as follows:

	31 December 2022	2 January 2022
	£	£
Leases expiring:		
Within one year	7,557,095	5,050,145
Between two and five years	18,824,227	13,488,797
After more than five years	895,245	85,207
	27,276,567	18,624,149

6 Other operating income

No government grant income was received in 2022. In 2021 it was received in the form of support from the Coronavirus Job Retention Scheme (Furlough payments) whilst venue operations were closed or operating in a restricted environment. The total amount claimed for the period was £nil (2 Jan 2022: £1,253,548). No other grant income was received in 2022 (2 Jan 2022: £69,930).

7 Operating loss

Operating loss has been arrived at after charging:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Depreciation expense	3,439,229	2,566,981
Amortisation expense	1,534,118	1,534,118
Foreign exchange (profit)/loss	492,688	(152,818)
Operating lease expense – property	1,271,082	989,833
Travel and associated expenses	556,141	101,496
Legal and professional costs	1,351,245	1,006,985
Share-based payments	2,109,369	1,843,621
Management and other recharges	12,313,701	7,080,000

8 Auditor's remuneration

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Audit of the financial statements	129,000	129,853

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Wages and salaries	12,764,320	11,657,123
Social security costs	1,306,319	735,682
Share-based payments	2,109,369	1,843,621
Pension costs – defined contribution scheme	273,643	210,127
	16,453,651	14,446,553

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	No.	No.
Management and administration	132	109
Sales	455	415
	587	524

10 Directors' remuneration

Directors' emoluments for certain directors have been borne by another group company. These directors are also directors or officers of a number of companies within the Topgolf International Group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the current or prior year.

11 Other interest receivable and similar income

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Other income	1,282	91
	1,282	91

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

12 Interest payable and similar charges

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Unwinding of discount on provisions (note 20)	128,237	66,500
Other finance costs	(11,984)	31,647
	116,253	98,147

13 Taxation

Tax charged/(credited) in the income statement:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Current taxation		
UK corporation tax	-	-
Withholding tax paid on foreign income	288,278	53,373
Group relief surrendered	(464,000)	-
PSA Tax Accruals	36,829	-
UK corporation tax adjustments to prior periods	19,141	-
	(119,752)	53,373

Reconciliation of effective tax rate:

	3 January 2022 to 31 December 2022	4 January 2021 to 2 January 2022
	£	£
Loss before tax	(12,513,173)	(8,088,989)
Corporation tax at standard UK rate of 19% (2021: 19%)	(2,377,503)	(1,536,908)
Expenses not deductible	1,179,442	1,035,406
Unrecognised deferred tax	1,198,061	501,502
Withholding tax paid on foreign income	288,278	53,373
Group relief surrendered	(464,000)	-
PSA Tax Accruals	36,829	-
UK corporation tax adjustments to prior periods	19,141	-
Total tax charge/(credit)	(119,752)	53,373

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

13 Taxation (continued)

There are £10,892,521 of unused tax losses (2 Jan 2022: £9,626,388) and £4,827,671 of unused tax credits (2 Jan 2022: £2,777,207) for which no deferred tax asset is recognised in the balance sheet. A deferred tax asset has not been recognised in respect of these amounts as it is uncertain that suitable taxable profits will arise in the foreseeable future.

14 Intangible assets

	Licenses £	Patents £	Total £
Cost			
At 3 January 2022	8,228,052	3,428,205	11,656,257
At 31 December 2022	8,228,052	3,428,205	11,656,257
Amortisation			
At 3 January 2022	3,625,698	3,428,205	7,053,903
Amortisation charge	1,534,118	-	1,534,118
At 31 December 2022	5,159,816	3,428,205	8,588,021
Carrying amount			
At 31 December 2022	3,068,236	-	3,068,236
At 2 January 2022	4,602,354	-	4,602,354

The amortisation charge in respect of intangible assets is included in administration expenses in the profit and loss account.

Individually material intangible assets

Licenses

During 2020 the company entered into an agreement to acquire a license from Topgolf Sweden AB. The license permits Topgolf Limited to use the Toptracer ball tracking technology within certain geographical markets. The carrying value of the asset is £3,068,236 (2 Jan 2022: £4,602,354) and the remaining amortisation period is 2 years (2 Jan 2022: 3 years).

Patents

The carrying amount of this asset is £nil (2 Jan 2022: £nil) and the remaining amortisation period is zero years (2 Jan 2022: zero years). The intangible assets held by the company relate to patents, intellectual property, know-how and expertise relating to the construction, organisation and operation of golf driving ranges using the microchip technology ("Topgolf rights") and the patents, intellectual property, know-how and expertise relating to the TopShot technology, which were acquired in 2009 and 2011.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

15 Tangible assets

	Land and buildings	Fixtures and fittings	Computer equipment	Golf range equipment	Assets Under Construction	Total
	£	£	£	£	£	£
Cost						
At 3 January 2022	13,315,116	3,122,958	1,477,820	14,110,312	1,882,417	33,908,623
Additions	4,391,264	828,386	500,679	6,335,069	373,788	12,429,186
Transfers	1,694,926	-	-	-	(1,694,926)	-
At 31 December 2022	19,401,306	3,951,344	1,978,499	20,445,381	561,279	46,337,809
Depreciation						
At 3 January 2022	(8,824,295)	(2,665,416)	(1,263,067)	(7,537,166)	-	(20,289,944)
Depreciation charge	(693,055)	(314,829)	(125,287)	(2,306,058)		(3,439,229)
At 31 December 2022	(9,517,350)	(2,980,245)	(1,388,354)	(9,843,224)	-	(23,729,173)
Carrying amount						
At 31 December 2022	9,883,956	971,099	590,145	10,602,157	561,279	22,608,636
At 2 January 2022	4,490,821	457,542	214,753	6,573,146	1,882,417	13,618,679

Included within the net book value of land and buildings above is £4,875,510 (2021: £4,875,510) in respect of leasehold land.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

16 Investments

	31 December 2022	2 January 2022 (Restated)	2 January 2022
	£	£	
Investments in subsidiaries: cost and carrying amount	70,921,612	58,148,084	54,489,210
Other investments: cost and carrying amount	1,030,901	1,038,414	1,038,414
	71,952,513	59,186,498	55,527,624

Other investments comprise minority interests in various Topgolf joint ventures.
All investments are tested for impairment with no such impairments identified.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertaking and registered office address	Country of incorporation	Principal activity	Holding	Proportion of voting rights and shares held	
				31 Dec 2022	2 Jan 2022
World Golf Systems Group Limited * Unit 8 Shepperton Business Park, Govett Avenue, Shepperton, Surrey, TW17 8BA	England and Wales	Intermediate holding company	Ordinary shares	100%	100%
Topgolf Sweden AB *	Sweden	Ownership and development of new Toptracer game technology	Ordinary shares	100%	100%
Topgolf Australia Pty Limited * Level 19, 181 William Street, Melbourne, Victoria 3000, Australia	Australia	Intermediate holding company	Ordinary shares	100%	100%
Topshot Systems Limited Unit 8 Shepperton Business Park, Govett Avenue, Shepperton, Surrey, TW17 8BA	England and Wales	Dormant company	Ordinary shares	100%	100%

Topgolf Limited

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Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

Topgolf Systems Limited Unit 8 Shepperton Business Park, Govett Avenue, Shepperton, Surrey, TW17 8BA	England and Wales	Dormant company	Ordinary shares	100%	100%
Topgolf Mexico Holdings Limited *	England and Wales	Intermediate holding company	Ordinary shares	100%	100%
Unit 8 Shepperton Business Park, Govett Avenue, Shepperton, Surrey, TW17 8BA					
Topgolf Canada Holdings Limited *	England and Wales	Intermediate holding company	Ordinary shares	100%	100%
Unit 8 Shepperton Business Park, Govett Avenue, Shepperton, Surrey, TW17 8BA					
Topgolf Japan G.K. c/o Baker& McKenzie, Ark Hills Sengokuyama Mori Twr. 28F, 1-9-10Roppongi, Minato-ku, Tokyo (Incorporated on 12 February 2020)	Japan	Operator of Top- Tracer	Ordinary Shares	100%	100%

* Direct subsidiary of Topgolf Limited

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

17 Stocks

	31 December 2022	2 January 2022
	£	£
Finished goods and goods for resale	12,287,024	5,001,028

The cost of stocks recognised as an expense amounted to £3,546,431 (2 Jan 2022: £2,537,035).

The amount of impairment loss included in the profit and loss account is £nil (2 Jan 2022: £nil).

18 Debtors

	31 December 2022	2 January 2022
	£	£
Trade debtors	2,370,422	656,657
Amounts owed by group undertakings	5,778,284	3,410,429
Prepayments	885,670	1,175,071
Accrued income	542,829	308,321
Sundry debtors	436,933	1,184,119
	10,014,138	6,734,597

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £262,051 (2 Jan 2022: £181,572).

19 Creditors

	31 December 2022	2 January 2022
Due within one year		
Trade creditors	2,365,903	769,705
Amounts due to group undertakings	9,496,273	925,531
Social security and other taxes	766,112	1,031,469
Outstanding defined contribution pension costs	40,810	35,072
Other creditors	262,102	544,235
Accruals and deferred income	7,863,120	9,059,993
	20,794,320	12,366,005

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

20 Provisions

	Remediation costs
	£
At 2 January 2022	1,634,159
Increase due to unwinding of discount	128,237
At 31 December 2022	1,762,396

The remediation costs provision relates to the leased properties that are used for the Topgolf gaming centres. The leases will expire between 2025 and 2030. Corresponding asset retirement obligations have also been recognised and are depreciated over the remaining lease period for each property.

21 Share capital

	31 December 2022		2 January 2022	
	No.	£	No.	£
Allotted, called up and fully paid shares				
Ordinary shares of £1 each	57,257,130	57,257,130	57,257,130	57,257,130

Rights, preferences and restrictions

There are no restrictions on the distribution of dividends and the repayment of capital.

Called up share capital

Called-up share capital represents the nominal value of shares that have been issued.

22 Reserves

Capital Contribution

The Capital Contribution represents an unconditional shareholder's contribution to the Company.

During the period the company received a Capital Contribution of £49,944,144 (2nd Jan 2022 (restated): £19,569,882, 2nd Jan 2022: £15,911,008) from its parent company. The Capital Contribution was made to support the working capital requirements of the new business streams. In the previous year the Capital Contribution was used to support investment in its subsidiary Topgolf Sweden AB.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

Share premium

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

23 Prior period restatement

For the period ending 2 January 2022, there is a restated amount of £3,658,874 increasing capital contribution and investments. This adjustment relates to direct cash transfers sent from TopGolf US to TopGolf Sweden during the period to 2 January 2022. These cash transfers should have been passed via TopGolf Ltd for investment purposes. Included below are the restated balances affected by this adjustment.

Changes to statement of financial position:

	As originally stated 2 January 2022	Adjustment	As restated 2 January 2022
	£	£	£
Investments	55,527,624	3,658,874	59,186,498
Net assets	74,358,143	3,658,874	78,017,017
Capital contribution	53,351,719	3,658,874	57,010,593
Total equity	74,358,143	3,658,874	78,017,017

24 Obligations under operating leases

The total of future minimum lease payments is as follows:

	31 December 2022	2 January 2022
	£	£
Leases expiring:		
Within one year	1,880,681	796,071
Between two and five years	9,003,662	2,536,803
After more than five years	31,211,865	1,128,519
	42,096,208	4,461,393

The amount of non-cancellable operating lease payments recognised as an expense during the period was £1,271,082 (2 Jan 2022: £989,833). During 2022 Topgolf Ltd entered into a new long term lease relating to the new Glasgow site.

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £273,643 (2 Jan 2022: £210,127). Contributions totalling £40,810 (2 Jan 2022: £35,072) were payable to the scheme at the end of the period and are included in creditors.

Notes to the Financial Statements for the Period from 3 January 2022 to 31 December 2022 (continued)

26 Share-based payment transactions

Equity-settled share option plan

Under the Topgolf Callaway Brands Corp. plan, share options are granted at the average price of the Ultimate Parent Company shares at the grant date. The total number of share options in circulation is 202,139 (2021: 202,139) and the input information for the valuation calculation is available in the financial statements of the ultimate parent company.

The employee is entitled to exercise the share options once the options have vested. The options will vest and be exercisable in equal instalments over 4 years from the date of the grant. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before they become entitled to exercise the share options.

Restricted Stock Units

Under the Topgolf Callaway Brands Corp. plan, restricted stock units are granted at the average price of the Ultimate Parent Company shares at the grant date. The employee is entitled to receive the share once the RSU's have vested. The RSU's will vest in equal instalments over 3 years from the date of the grant.

RSU's have not been recognised previously on the grounds of materiality, in the current period, the share options charge includes a catch up for prior periods. The total number of options in circulation is 148,781 (2021: 116,237). The number of restricted stock units outstanding at year end was 128,069 (2021: 112,528).

27 Contingent liabilities

A corporate cross guarantee has been entered into between Baydrive Group Limited, Topgolf Group Limited and Topgolf Limited, in favour of the Group's bankers. The directors of Topgolf Group Limited are of the opinion that the group will be able to operate within agreed facilities. There are no bank borrowings outstanding at the period end.

28 Parent and ultimate parent undertaking

As at the year end the company's ultimate parent undertaking and controlling party was Topgolf Callaway Brands Corp. The immediate parent undertaking is Topgolf Group Limited.

For the current year the smallest group preparing group accounts is TopGolf International Inc, and the largest group preparing group accounts is Topgolf Callaway Brands Corp.

29 Related Party Transactions

The company is exempt from disclosing related party transactions that are with other companies that are wholly owned within the group.

30 Post balance sheet events

On January 16th, 2023, Topgolf Limited acquired Watford Golf Driving Range Investments and Trading Limited for approximately £15million. On this date, the registered address for Watford Golf Driving Range Investments and Trading Limited became Unit 8, Shepperton Business Park, Govett Avenue, Shepperton, England, TW17 8BA. The Company name has not changed.