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**Diamond Resorts Management
Limited**

Report and Financial Statements

Year Ended

31 December 2008

IBDO

BDO Stoy Hayward
Chartered Accountants

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DIAMOND RESORTS MANAGEMENT LIMITED

Annual report and financial statements
for the year ended 31 December 2008

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Directors

S J Hulme
S Crook

Secretary and registered office

S Crook

Citrus House
Caton Road
Lancaster
Lancashire
LA1 3UA

Company number

1833365

Auditors

BDO Stoy Hayward LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Diamond Resorts Management Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The result for the year after taxation amounted to £nil (2007: £nil). The directors do not recommend the payment of a dividend (2007: £nil).

Principal activity

The company's principal activity is the receipt and distribution of maintenance fees on behalf of Diamond Resorts European Collection Ltd, a fellow group undertaking. Diamond Resorts European Collection performs the role of an owners club for the purchasers of timeshare point rights from Diamond Resorts (Europe) Ltd, the founder member of Diamond Resorts European Collection. Any surplus or deficit in funding is represented by amounts payable or receivable on behalf of Diamond Resorts European Collection Ltd on the balance sheet.

As the activities of the company are limited to receipt and distribution of funds on behalf of Diamond Resorts European Collection, the company does not generate income nor incur expenditure on its own behalf and consequently does not have a profit or loss for any year.

Directors

The directors who held office during the year are shown below. All directors served throughout the year unless otherwise indicated.

F C Bauman (resigned 7 January 2008)

S Crook

M M Kandel (appointed 7 January 2008, resigned 22 July 2008)

S J Hulme (appointed 22 July 2008)

None of the directors have any interest in the share capital of the company. The interest of the directors in the share capital of the immediate parent undertaking at the year end, Diamond Resorts (Group Holdings) plc, are disclosed in the financial statements of that company.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that 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 1985. The directors 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.

Diamond Resorts Management Limited

Report of the directors for the year ended 31 December 2008 (Continued)

Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



**S Crook
Director**

26th June 2009

Diamond Resorts Management Limited

Report of the independent auditors

Independent auditors' report to the shareholders of Diamond Resorts Management Limited

We have audited the financial statements of Diamond Resorts Management Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Diamond Resorts Management Limited

Report of the independent auditors (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
*Chartered Accountants
and Registered Auditors
Manchester*

9 July 2009

Diamond Resorts Management Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		-	-
Operating profit	2	<u>-</u>	<u>-</u>
Interest receivable and similar income		-	-
Profit on ordinary activities before taxation		<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	4	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

The results disclosed above all relate to continuing operations.

There were no recognised gains or losses other than the result for the financial year.

The notes on pages 7 to 9 form part of these financial statements.

Diamond Resorts Management Limited

Balance sheet As at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Current assets					
Debtors	5	38,333		27,938	
Cash at bank and in hand	6	13,054		21,152	
		<u>51,387</u>		<u></u>	49,090
Creditors: amounts falling due within one year	7		(51,387)		(49,090)
Net assets			<u>-</u>		<u>-</u>
Capital and reserves			<u></u>		<u></u>
Called up share capital	8		-		-
Profit and loss account	9		-		-
Equity shareholders' funds	10		<u>-</u>		<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26th June 2009


S Crook
Director

The notes on pages 7 to 9 form part of these financial statements.

Diamond Resorts Management Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Profit and Loss

The company has no reported income or expenditure as its principal activity is the receipt of funds and the distribution of those funds on behalf of Diamond Resorts European Collection Limited

Cash flow statement

The company has taken advantage of the exemption provided by FRS 1 and has not prepared a cash flow statement as its results are included in the consolidated results of Diamond Resorts (Holdings) Limited, which are publicly available.

2 Operating result

The audit fee has been borne by the parent entity Diamond Resorts (Holdings) Limited.

3 Directors and employees

All staff are employed and paid by a fellow group company, Diamond Resorts (Europe) Limited. The directors did not receive any emoluments for services to the company during the year (2007: £Nil).

4 Tax on result from ordinary activities

As the company does not trade, there was no corporation tax liability or asset at 31 December 2008 or 31 December 2007.

5 Debtors

	2008 £'000	2007 £'000
Amounts owed by group undertakings	36,786	27,938
Receivable on behalf of Diamond Resorts European Collection Limited	1,547	-
	<u>38,333</u>	<u>27,938</u>

Diamond Resorts Management Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

6 Cash at bank and in hand

Cash and bank in hand comprise restricted cash balances held on behalf of Diamond Resorts European Collection Limited. None of the amounts held are available for use by the company.

7 Creditors : amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	51,368	41,548
Bank overdraft	19	24
Payable on behalf of Diamond Resorts European Collection Limited	-	7,518
	<u>51,387</u>	<u>49,090</u>

The bank overdraft is secured by cross guarantees with group companies

8 Share capital

	2008 £'000	2007 £'000
Authorised		
500,000 Ordinary shares of £1 each	500	500
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

9 Profit and Loss Account

	£'000
At 1 January 2008 and 31 December 2008	-

10 Reconciliation of movements in equity share holders deficit

	2008 £'000	2007 £'000
Result for the financial year	-	-
Opening shareholders funds	-	-
Closing shareholders funds	<u>-</u>	<u>-</u>

Diamond Resorts Management Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

11 Related party transactions

The company has taken advantage of the exemption included in FRS 8 and has not disclosed transactions with other members of the group headed by Diamond Resorts Holdings LLC.

12 Ultimate parent undertaking

The directors regard Diamond Resorts Holdings LLC, a company incorporated in the USA, as the company's ultimate parent undertaking.

The smallest group in which the results of the company are consolidated is that headed by Diamond Resorts (Holdings) Ltd, whose principal place of business is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA. The consolidated accounts of the group can be obtained from Companies House.

13 Financial commitments

The company is party to a cross guarantee, registered 24 April 2008, which secures the revolving credit facility provided by Diamond Resorts Corporation, a fellow member of the group headed by Diamond Resorts Holdings LLC, at the balance sheet date, to the subsidiary companies. The amount outstanding at the year end was £53,999,000 (2007: £56,937,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.