

Diamond Resorts Financial Services Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number 1934359



Diamond Resorts Financial Services Limited

Report and financial statements for the year ended 31 December 2012

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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

1934359

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Diamond Resorts Financial Services Limited

Report of the directors for the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a dividend (2011 £nil)

Principal activities, review of business and future developments

The company's principal activity is the provision of financial services to members of Diamond Resorts European Collection and to timeshare owners clubs managed by fellow group undertakings

Directors

The directors of the company during the year were

S J Hulme
S Crook

None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of Diamond Resorts (Holdings) Limited are disclosed in the financial statements of that company.

Directors' responsibilities

The directors are responsible for preparing 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 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.

Diamond Resorts Financial Services Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Auditors

All of 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 LLP offer themselves for reappointment as auditors in accordance with the Companies Act 2006.

In preparing the directors' report advantage has been taken of the small companies' exemption.

By order of the board

S Crook



Secretary

14th November 2013

Diamond Resorts Financial Services Limited

Independent auditor's report

To the members of Diamond Resorts Financial Services Limited

We have audited the financial statements of Diamond Resorts Financial Services Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Diamond Resorts Financial Services Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO WP

Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom

15 November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Diamond Resorts Financial Services Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	844,033	806,602
Cost of sales		68,727	105,903
Gross profit		775,306	700,699
Administrative expenses		26,440	18,560
Operating profit	3	748,866	682,139
Interest receivable	5	-	1,090
Profit on ordinary activities before and after taxation for the financial year		748,866	683,229

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements

Diamond Resorts Financial Services Limited

Balance sheet at 31 December 2012

<i>Company number 1934359</i>	Note	2012 £	2012 £	2011 £	2011 £
Current assets					
Debtors - due within one year	7	32,052,653		27,118,712	
Debtors - due after more than one year	7	709,876		661,533	
Total debtors		32,762,529		27,780,245	
Cash at bank and in hand		33,168		38,569	
		32,795,697		27,818,814	
Creditors: amounts falling due within one year	8	29,184,118		24,956,101	
Total assets less current liabilities			3,611,579		2,862,713
Capital and reserves					
Called up share capital	9	20,000		20,000	
Profit and loss account	10	3,591,579		2,842,713	
Shareholders' funds	11		3,611,579		2,862,713

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the board of directors and authorised for issue on 14th November 2013

S Crook
Director

Susan Crook

The notes on pages 7 to 10 form part of these financial statements

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1 Accounting policies

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

The following principal accounting policies have been applied

Turnover

Turnover is the total amount receivable by the company for interest and fees on finance agreements, excluding VAT

Cost of sales

Cost of sales comprises bad debts written off and provisions for doubtful debts. Debts are written off when all reasonable steps to recover them have been taken without success

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted

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 can be obtained from Companies House

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

2 Turnover

Turnover and operating results are attributable to the principal activity of the company, and arose wholly within the United Kingdom

3 Operating profit

The audit fee for the company was borne by a fellow group undertaking, Diamond Resorts (Europe) Limited

4 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 (2011: £nil)

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements for the year ended 31 December 2012 *(continued)*

5 Interest receivable

The Interest Receivable for the year of £nil (2011 £1,090) all relates to bank and deposits

6 Taxation on profit on ordinary activities

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax

	2012 £	2011 £
Profit on ordinary activities before tax	748,866	683,229
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25% (2011 - 27%)	187,217	181,056
Effect of		
Utilisation of tax losses	-	(4,987)
Group relief	(187,217)	(176,069)
Current tax charge for the year	-	-

7 Debtors

	2012 £	2011 £
Amounts receivable within one year		
Trade debtors	15,286,788	10,353,351
Amounts owed by group undertakings	16,765,484	16,765,043
Other debtors	381	318
	32,052,653	27,118,712
Amounts receivable after more than one year		
Trade debtors	709,876	661,533
Total debtors	32,762,529	27,780,245

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	29,182,757	24,952,878
Accruals and deferred income	1,361	3,223
	<u>29,184,118</u>	<u>24,956,101</u>

Amounts due to group undertakings are repayable on demand

9 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

10 Reserves

	Profit and loss account £
At 1 January 2012	2,842,713
Profit for the year	748,866
	<u>3,591,579</u>
At 31 December 2012	

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the year	748,866	683,229
Opening shareholders' funds	<u>2,862,713</u>	<u>2,179,484</u>
Closing shareholders' funds	<u>3,611,579</u>	<u>2,862,713</u>

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

12 Ultimate parent company and parent undertaking of larger group

The directors regard Diamond Resorts Holdings LLC, a company incorporated in the USA, as the company's ultimate parent undertaking at the date these financial statements have been signed

The smallest group in which the results of the company are consolidated is that headed by Diamond Resorts (Holdings) Limited, 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 Related party disclosures

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

14 Capital commitments

There were no capital commitments at 31 December 2012 or 31 December 2011

15 Financial Commitments

The company is party to a cross guarantee, registered 24 April 2007, 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 £65,365,000 (2011: £60,870,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.