

Diamond Resorts Financial Services Limited

Company Number: 1934359

Report and Financial Statements

Year Ended

31 December 2010

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Diamond Resorts Financial Services Limited

Annual report and financial statements for the year ended 31 December 2010

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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
Spinningfields
Manchester
M3 3AT

Diamond Resorts Financial Services Limited

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Principal activity

The company's principal activity is the provision of financial services to members of Diamond Resorts European Collection

Results and dividend

The loss for the year after taxation amounted to £18,820 (2009 loss for the year £100,507) The directors do not recommend the payment of a dividend (2009 £Nil) and the loss has been transferred to reserves

Directors

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

S Crook
S J Hulme

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

Statement of 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 2010 (*continued*)

Financial instruments

The company does not use financial instruments

Enhanced business review

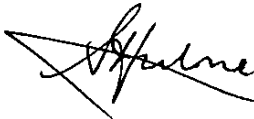
The company has taken the exemption available in section 415A of the Companies Act 2006 in respect of the directors' report relating to companies subject to the small companies' regime

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

By order of the board



S J Hulme
Director

Date

23/6/2011

Diamond Resorts Financial Services Limited

Report of the independent auditors For the year ended 31 December 2010

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 2010 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its loss 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.

Diamond Resorts Financial Services Limited

Report of the independent auditors (*continued*) For the year ended 31 December 2010

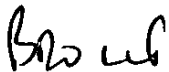
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year 2010 for which the financial statements are prepared is consistent with the financial statements

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



Eric Solomons (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
Date 29 June 2011

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 2010

	Note	2010 £	2009 £
Turnover	2	89,098	87,920
Cost of sales		(104,631)	(185,572)
Gross loss		<u>(15,533)</u>	<u>(97,652)</u>
Administrative expenses		(3,287)	(2,855)
Other operating income		-	-
Operating loss	3	<u>(18,820)</u>	<u>(100,507)</u>
Loss on ordinary activities before and after taxation		<u><u>(18,820)</u></u>	<u><u>(100,507)</u></u>

The results disclosed above all relate to continuing operations

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

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

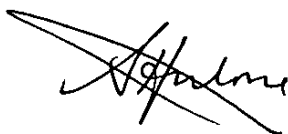
Diamond Resorts Financial Services Limited

Balance sheet as at 31 December 2010

Company Number 1934359

	Note	2010 £	2009 £
Current assets			
Debtors - amounts falling due within one year	6	16,891,451	16,867,074
- amounts falling due after more than one year	6	502,782	369,348
Cash at bank and in hand		4,391	3,659
		<u>17,398,624</u>	<u>17,240,081</u>
Creditors: amounts falling due within one year	7	(15,219,140)	(15,041,777)
Net assets		<u>2,179,484</u>	<u>2,198,304</u>
Capital and reserves			
Called up share capital	8	20,000	20,000
Profit and loss account	9	2,159,484	2,178,304
Equity shareholders' funds	10	<u>2,179,484</u>	<u>2,198,304</u>

The financial statements were approved by the Board on 23/6/2011



S J Hulme
Director

The accompanying 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 2010

1 Principal accounting policies

Basis of preparation

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

The following principle 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

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

Diamond Resorts Financial Services Limited

**Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)**

2 Turnover

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

3 Operating loss

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 (2009 £Nil)

5 Tax on loss on ordinary activities

The tax charge for the year is £nil (2009 £Nil)

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 28% (2009 28%). The differences are explained as follows

	2010 £	2009 £
Loss on ordinary activities before taxation	(18,820)	(100,507)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28%)	(5,270)	(28,142)
Effect of		
Group relief	5,270	28,142
Current tax charge for the year	-	-

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

6 Debtors

	2010 £	2009 £
<i>Amounts falling due within one year</i>		
Trade debtors	118,754	102,384
Amounts owed by group undertakings	16,772,697	16,764,690
	<u>16,891,451</u>	<u>16,867,074</u>
 <i>Amounts falling due after more than one year</i>		
Trade debtors	<u>502,782</u>	<u>369,348</u>
Amounts due from group undertakings are repayable on demand		

7 Creditors: amounts falling due within one year

	2010 £	2009 £
Amounts owed to group undertakings	15,215,246	15,041,777
Accruals and deferred income	3,894	-
	<u>15,219,140</u>	<u>15,041,777</u>
Amounts due to group undertakings are repayable on demand		

8 Share capital

	2010 £	2009 £
<i>Authorised</i>		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
 <i>Allotted, called up and fully paid</i>		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

9 Profit and loss account

	£
At 31 December 2009	2,178,304
Loss for the financial year	(18,820)
	<u>2,159,484</u>
At 31 December 2010	<u>2,159,484</u>

Diamond Resorts Financial Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

10 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Opening shareholders' funds	2,198,304	2,298,811
Loss for the financial year	(18,820)	(100,507)
Closing shareholders' funds	<u>2,179,484</u>	<u>2,198,304</u>

11 Ultimate parent undertaking

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

12 Related party transactions

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

13 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 £56,133,000 (2009 £52,712,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.