

# **Diamond Resorts Financial Services Limited**

Report and Financial Statements

Year Ended

31 December 2013

Company Number 1934359

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# **Diamond Resorts Financial Services Limited**

## **Report and financial statements for the year ended 31 December 2013**

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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 2013**

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The directors present their report together with the audited financial statements for the year ended 31 December 2013.

### **Results and dividends**

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

The profit for the year after taxation amounted to £836,592 (2012 - £748,866). The directors do not recommend the payment of a dividend (2012 - £Nil).

### **Principal activities**

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;
- 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 2013 (*continued*)

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### 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



Date 12<sup>th</sup> September 2014

# **Diamond Resorts Financial Services Limited**

## **Independent auditor's report**

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### **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 2013 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 2013 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 matters 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

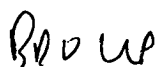
## Independent auditor's report (*continued*)

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### 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 and to the exemption from the requirement to prepare a strategic report.



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

Date 18/03/14

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 2013

	Note	2013 £	2012 Restated* £
<b>Turnover</b>	2	<b>852,103</b>	844,033
Administrative expenses	3	<b>15,511</b>	95,167
<b>Operating profit</b>	4	<b>836,592</b>	748,866
<b>Profit on ordinary activities before and after taxation for the financial year</b>		<b>836,592</b>	748,866

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 restatement in relation to the year ended 31 December 2012 is explained in note 3.

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

# Diamond Resorts Financial Services Limited

## Balance sheet at 31 December 2013

<b>Company number 1934359</b>	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>Current assets</b>			
Debtors - due within one year	7	33,141,858	32,052,653
Debtors - due after more than one year	7	581,387	709,876
		<hr/>	<hr/>
Total debtors		33,723,245	32,762,529
Cash at bank and in hand		47,479	33,168
		<hr/>	<hr/>
		33,770,724	32,795,697
<b>Creditors: amounts falling due within one year</b>	8	29,322,553	29,184,118
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		4,448,171	3,611,579
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	20,000	20,000
Profit and loss account	10	4,428,171	3,591,579
		<hr/>	<hr/>
<b>Shareholders' funds</b>	11	4,448,171	3,611,579
		<hr/>	<hr/>

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 12<sup>th</sup> September 2014

S Crook  
Director



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 2013

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### **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.

#### *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 Prior year reclassification**

In the prior year £68,727 was shown as cost of sales, this has been reclassified to administration expenses as the directors believe that this better reflects the substance of the transactions. This had no impact on the result for the prior year.

### **4 Operating profit**

The audit fee for the company was £10,000 and was borne by a fellow group undertaking, Diamond Resorts (Europe) Limited.

### **5 Directors and employees**

All staff are employed by a fellow group company, Diamond Resorts (Europe) Limited. There is, however, a cross-charge for their administrative expenses to the company of £32,388 (2012 - £Nil). The directors did not receive any emoluments for services to the company during the year (2012 - £Nil).

# Diamond Resorts Financial Services Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 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.

	2013 £	2012 £
Profit on ordinary activities before tax	836,592	748,866
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.3% (2012 – 25.0%)	195,010	187,217
Effect of: Group relief	(195,010)	(187,217)
Current tax charge for the year	-	-

## 7 Debtors

	2013 £	2012 £
Amounts receivable within one year:		
Trade debtors	16,375,394	15,286,788
Amounts owed by group undertakings	16,765,602	16,765,484
Other debtors	862	381
	33,141,858	32,052,653
Amounts receivable after more than one year:		
Trade debtors	581,387	709,876
Total debtors	33,723,245	32,762,529

# Diamond Resorts Financial Services Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 8 Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	29,321,913	29,182,757
Accruals and deferred income	640	1,361
	<u>29,322,553</u>	<u>29,184,118</u>

Amounts due to group undertakings are repayable on demand.

## 9 Share capital

	2013 £	2012 £
<i>Allotted, called up paid 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 2013	3,591,579
Profit for the year	836,592
	<u>4,428,171</u>
At 31 December 2013	

## 11 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the year	836,592	748,866
Opening shareholder's funds	3,611,579	2,862,713
	<u>4,448,171</u>	<u>3,611,579</u>
Closing shareholders' funds		

# **Diamond Resorts Financial Services Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)**

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## **12 Ultimate parent company and parent undertaking of larger group**

The directors regard Diamond Resorts International Inc 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) 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 the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

## **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 International Inc.

## **14 Capital commitments**

There were no capital commitments at 31 December 2013 or 31 December 2012.

## **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 International Inc, at the balance sheet date, to the subsidiary companies. The amount outstanding at the year-end was £65,365,000 (2012: £65,365,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.