

## **Diamond Resorts Travel Limited**

Report and Financial Statements

Year Ended

31 December 2009

**Company Registration Number: 2795926**



**BDO**

# **DIAMOND RESORTS TRAVEL LIMITED**

**Annual report and financial statements  
for the year ended 31 December 2009**

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## **Directors**

S Crook  
S J Hulme

## **Secretary and registered office**

S Crook

Citrus House  
Caton Road  
Lancaster  
Lancashire  
LA1 3UA

## **Company registration number**

02795926

## **Auditors**

BDO LLP  
3 Hardman Street  
Manchester  
M3 3AT

# **DIAMOND RESORTS TRAVEL LIMITED**

## **Report of the directors for the year ended 31 December 2009**

The directors present their report together with the audited financial statements for the year ended 31 December 2009

### **Principal activity and future developments**

The company's principal activity is the provision of travel services to individuals who have previously purchased holiday ownership from fellow subsidiaries. During the year trading activity was significantly reduced due to the decision by the directors in the prior period to curtail travel operations and to transfer member bookings to the preferred partner Interval International. In addition, all income and expenses derived from the exchange company service provided to members of the European Collection are now transacted in the fellow group company, Diamond Resorts (Europe) Limited. As a result, the directors expect the company to cease trading and to become dormant during the following year.

### **Results and dividend**

The loss for the year after taxation amounted to £73,180 (2008 £625,996 profit). The directors do not recommend the payment of a dividend (2008 £Nil) and the profit has been transferred to reserves.

### **Directors**

The directors who held office during the year and since the year end 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.

# DIAMOND RESORTS TRAVEL LIMITED

## Report of the directors for the year ended 31 December 2009 (*continued*)

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### Statement of directors' responsibilities (*continued*)

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.

### Financial instruments

The company does not use financial instruments.

### Enhanced business review

The company has taken the exemption available in section 417 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 Crook  
Secretary



Date 16<sup>th</sup> July 2010

# DIAMOND RESORTS TRAVEL LIMITED

## Report of the independent auditors for the year ended 31 December 2009

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIAMOND RESORTS TRAVEL LIMITED

We have audited the financial statements of Diamond Resorts Travel Limited for the year ended 31 December 2009 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 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*

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### *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 2009 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.

#### *Emphasis of matter - financial statements prepared other than on a going concern basis*

In forming our opinion, which is not qualified, we draw your attention to the disclosures made in Note 1 to the financial statements which states that the operations of the company have been wound down and post year end the company is expected to become dormant. Therefore, the financial statements have not been prepared on a going concern basis.

# DIAMOND RESORTS TRAVEL LIMITED

## Report of the Independent auditors for the year ended 31 December 2009 (*continued*)

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### *Opinion on other matters prescribed by the Companies Act 2006*

In our opinion the information given in the directors' report for the financial year 2009 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  
United Kingdom

Date 21 JULY 2010

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

# DIAMOND RESORTS TRAVEL LIMITED

## Profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	2	12,276	3,649,315
Cost of sales		-	(2,041,450)
<b>Gross profit</b>		12,276	1,607,865
Administrative expenses		(86,389)	(2,055,355)
Other operating income		922	1,067,254
<b>Operating (loss) profit</b>	2	(73,191)	619,764
Interest receivable	4	11	6,232
<b>(Loss) Profit on ordinary activities before taxation</b>		(73,180)	625,996
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	10	(73,180)	625,996

The results disclosed above all relate to discontinued operations

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

The accompanying notes on pages 7 to 11 form part of these financial statements

# DIAMOND RESORTS TRAVEL LIMITED

## Balance sheet as at 31 December 2009

Company Number 02795926

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Investments	6	5,160	5,160
<b>Current assets</b>			
Debtors	7	3,202,282	8,266,458
Cash at bank and in hand		913	54,126
		<u>3,203,195</u>	<u>8,320,584</u>
<b>Creditors: amounts falling due within one year</b>	8	(7,362)	(5,051,571)
<b>Net current assets</b>		3,195,833	3,269,013
<b>Net assets</b>		<u>3,200,993</u>	<u>3,274,173</u>
<b>Capital and reserves</b>			
Called up share capital	9	75,000	75,000
Profit and loss account	10	3,125,993	3,199,173
<b>Equity shareholders' funds</b>	11	<u>3,200,993</u>	<u>3,274,173</u>

The financial statements were approved by the Board and authorised for issue on 16<sup>th</sup> July 2010

S Crook  
Director



The accompanying notes on pages 7 to 11 form part of these financial statements

# DIAMOND RESORTS TRAVEL LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2009

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### 1 Principal accounting policies

#### **Basis of preparation**

As explained within the report of the directors, the operations of the company have been wound down and post year end the company is expected to become dormant. Accordingly, the financial statements have been prepared on a basis other than going concern. As a consequence of ceasing to trade, all assets will be written down to recoverable amounts. No material adjustments have arisen as a result of ceasing to apply the going concern basis.

With regard to the above basis of preparation, and where relevant, the financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Exemption from preparing consolidated accounts*

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the full consolidation in the consolidated financial statements of its ultimate parent, Diamond Resorts (Holdings) Limited. These financial statements therefore present information about the company as an individual undertaking and about its group.

The following principal accounting policies have been applied:

#### **Turnover**

Where the company takes ownership of the products or service and is acting as principal, the full value of product or services being sold is recognised. Where the company is an agent the company recognises the commission earned.

Other operating income comprises of reservation fee recharges, and is recognised once the reservation is complete.

#### **Investments**

Investments are stated at cost less amounts written off.

#### **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.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### **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) Ltd, which are publicly available.

# DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 2 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company, and arose wholly within the United Kingdom

The profit on ordinary activities before taxation is stated after charging

	2009	2008
	£	£
Auditors' remuneration – audit services	3,600	3,600

## 3 Directors and employees

All staff are employed and paid by a fellow group company, Diamond Resorts (Europe) Ltd. The directors did not receive any emoluments for services to the company during the year (2008: £Nil)

## 4 Interest receivable

	2009	2008
	£	£
Interest receivable	11	6,232

## 5 Tax on profit on ordinary activities

The tax charge for the year is £nil (2008: £nil)

# DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 6 Fixed asset investment

Shares in  
Subsidiary  
Undertaking  
£

### Cost and net book amount

At 1 January 2009 and 31 December 2009

5,160

The company had the following subsidiary undertaking at 31 December 2009

Name of subsidiary	Nature of business	Country of Incorporation	Proportion of ordinary share capital held
Diamond Resorts Voyages SARL	Provision of travel services	France	100%

## 7 Debtors

	2009 £	2008 £
Trade debtors	-	127,625
Amounts owed by group undertakings	3,202,282	8,124,404
Prepayments and accrued income	-	12,876
Other debtors	-	1,553
Taxation and social security	-	-
	<u>3,202,282</u>	<u>8,266,458</u>

# DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 8 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	135	176,916
Amounts owed to group undertakings	-	629,430
Other creditors	7,227	7,227
Accruals and deferred income	-	4,237,998
	<u>7,362</u>	<u>5,051,571</u>

## 9 Share capital

	2009 £	2008 £
<b>Authorised</b>		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
<b>Allotted, called up and fully paid</b>		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

## 10 Profit and loss account

	£
At 1 January 2009	3,199,173
Loss for the financial year	(73,180)
At 31 December 2009	<u>3,125,993</u>

# DIAMOND RESORTS TRAVEL LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 11 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
(Loss) Profit for the financial year	(73,180)	625,996
Opening equity shareholders' funds	3,274,173	2,648,177
Closing equity shareholders' funds	<u>3,200,993</u>	<u>3,274,173</u>

## 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 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) Limited

## 14 Financial commitments

The company is party to a cross guarantee, registered 24 April 2009, 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 £52,712,000 (2008: £53,999,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.