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**Diamond Resorts Clubs
(Europe) Limited**

Report and Financial Statements

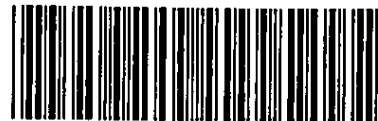
Year Ended

31 December 2008



BDO Stoy Hayward
Chartered Accountants

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DIAMOND RESORTS CLUBS (EUROPE) 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

04339551

Auditors

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

Diamond Resorts Clubs (Europe) 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 profit 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 to account for the receipt and distribution of maintenance fees on behalf of the resort timeshare clubs ('clubs'). Any surplus or deficit in funding is the responsibility of the individual resort timeshare club and is thus represented by amounts due from or payable to the clubs on the balance sheet. The receipt and distribution of funds by the company is done on behalf of the clubs and those amounts are accounted for in the accounts of the individual clubs.

As the activities of the company are limited to accounting for the receipt and distribution of funds on behalf of the clubs, the company does not generate income nor incur expenditure on its own behalf and consequently does not have a profit and 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 interests 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 director's 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 Clubs (Europe) Limited

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

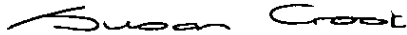
Auditors

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 26th June 2009



S Crook
Director

Diamond Resorts Clubs (Europe) Limited

Report of the Independent auditors

Independent auditors' report to the shareholders of Diamond Resorts Clubs (Europe) Limited

We have audited the financial statements of Diamond Resorts Clubs (Europe) 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 directors' 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 directors' 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 directors' 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 Clubs (Europe) 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
*Chartered Accountants
and Registered Auditors
Manchester*

9 July 2009

Diamond Resorts Clubs (Europe) Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	2	-	-
Operating		-	-
Interest receivable and similar income		-	-
Result on ordinary activities and after before taxation and profit for the year		-	-

The results disclosed above all relate to continuing operations.

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

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

Diamond Resorts Clubs (Europe) Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Current assets					
Debtors	5	39,694		33,913	
Cash at bank and in hand	6	6		12	
		39,700	39,700	33,925	33,925
Creditors: amounts falling due within one year	7		(39,700)		(33,925)
Net assets			-		-
Capital and reserves					
Called up share capital	8		-		-
Profit and loss account	9		-		-
Equity shareholders' funds	10		-		-

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

Susan Crook

**S Crook
Director**

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

Diamond Resorts Clubs (Europe) 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 and expenditure, as its principal activity is the receipt and distribution of funds on behalf of resort timeshare clubs. The clubs account for the income and expenditure in their individual accounts.

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 is 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 on 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	39,694	33,913
	<u>39,694</u>	<u>33,913</u>

Diamond Resorts Clubs (Europe) Limited

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

6 Cash at Bank and in hand

Cash at Bank and in hand comprises restricted cash balances held on behalf of the clubs. None of the amounts held are available for use by the company.

7 Creditors : amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts owed to group undertakings	37,518	31,514
Amounts due to clubs	2,041	2,411
Bank Overdraft	141	-
	39,700	33,925
	39,700	33,925

8 Share capital

	2008	2007
	£'000	£'000
Authorised		
100,000 Ordinary shares of £1 each	100	100
	-	-
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-
	-	-
	-	-

9 Reserves

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

10 Reconciliation of movements in equity shareholders funds

	2008	2007
	£'000	£'000
Result for the financial year	-	-
Opening equity shareholders' funds/(deficit)	-	-
	-	-
Closing equity shareholders funds	-	-
	-	-

11 Related party transactions

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

Diamond Resorts Clubs (Europe) Limited

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

12 Ultimate parent undertaking

The director regards 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) 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 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.