

**INTERNATIONAL PAPER FOODSERVICE
(EUROPE) LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2010



INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M E Turner
M Hermansen
G T Wanta

SECRETARY

M Clark

REGISTERED OFFICE

Units 10 & 11 Navigation Park
Road One
Winsford Industrial Estate
Winsford
Cheshire
CW7 3RL

BANKERS

ABN Amro Bank NV

J P Morgan Chase & Co

SOLICITORS

Pannone LLP

Shoosmiths

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Manchester
United Kingdom

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2010

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the manufacture and sale of disposable paper products for the food industry

The directors are satisfied with the results for the year and the prospects for the coming year

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2010 are set out on pages 5 to 13. The profit on ordinary activities after taxation of £377,335 (2009 - £225,710) has been transferred to reserves (2009 - same)

The directors do not recommend payment of a dividend (2009 - £nil)

GOING CONCERN

After making enquiries and based on the assumptions outlined in note 1 to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year and thereafter are shown on page 1

AUDITOR

Each of the persons who is a director of the company at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

M Clark

Secretary

27/09/2011



INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 judgments and accounting estimates that are reasonable and prudent, and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

We have audited the financial statements of International Paper Foodservice (Europe) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 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.

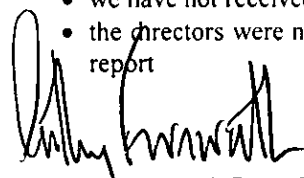
Opinion on other matter prescribed by the Companies Act 2006

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.

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 take advantage of the small companies exemption in preparing the directors' report.



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

28 Sept 2011

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	2	7,049,415	6,480,669
Cost of sales		(5,929,162)	(5,643,333)
GROSS PROFIT		1,120,253	837,336
Other operating expenses		(804,787)	(685,008)
OPERATING PROFIT	3	315,466	152,328
Interest receivable and similar income	4	40,952	36,473
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		356,418	188,801
Tax on profit on ordinary activities	5	20,917	36,909
PROFIT RETAINED FOR THE FINANCIAL YEAR	12,13	377,335	225,710

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the profit for that year as shown above. Accordingly a separate statement of total recognised gains and losses has not been presented.

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

BALANCE SHEET As at 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible fixed assets	6	1,023,659	1,090,578
CURRENT ASSETS			
Stocks	7	1,242,737	1,196,676
Debtors	8	3,516,806	3,163,700
Cash at bank and in hand		63,422	17,732
		4,822,965	4,378,108
CREDITORS: amounts falling due within one year	9	(776,015)	(775,412)
NET CURRENT ASSETS		4,046,950	3,602,696
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		5,070,609	4,693,274
CAPITAL AND RESERVES			
Called-up share capital	11	852,550	852,550
Profit and loss account	12	4,218,059	3,840,724
SHAREHOLDER'S FUNDS	13	5,070,609	4,693,274

The financial statements been prepared in accordance with the provisions applicable to companies entitled to the small companies regime

The financial statements of International Paper Foodservice (Europe) Limited, registered number 497043, were approved by the Board of Directors and authorised for issue on 27/09/2011.

Signed on behalf of the Board of Directors



M E Turner

Director

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding year, is set out below

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards

GOING CONCERN

The directors believe the company is well placed and has considerable cash resource to manage its business risks successfully despite the current uncertain economic outlook. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have therefore assessed the ability of the group companies to continue with the group banking arrangements. After making enquiries and after having reviewed the company's forecasts and projections, taking into account reasonably possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, in equal annual instalments, over the estimated useful life of the assets. Specific depreciation rates are as follows:

Plant and machinery - 5-12 years straight line

Fixtures and fittings - 3-10 years straight line

Payments on account and assets in course of construction are not depreciated

STOCKS

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials - Purchase cost on a FIFO basis, including transport

Work-in-progress - Cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Finished goods - Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

TAXATION

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where tax losses are utilised when surrendered from fellow group undertakings no payment is made to that company.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

1. ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY

Transactions of the company in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities of the company at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising from movements in rates of exchange are taken to the profit and loss account.

TURNOVER

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business. Revenue is recognised when, in the opinion of the directors, the company has fulfilled its obligations under the terms of sale and title of the goods has been transferred to the buyer.

OPERATING LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term.

CASH FLOW STATEMENT

As permitted by Financial Reporting Standard No. 1 (Revised 1996), the company has not produced a cash flow statement because its ultimate parent company, International Paper Company Limited has prepared consolidated financial statements which include the financial statements of the company for the year.

PENSION COSTS

Amounts paid by the company into a defined contribution pension scheme are charged to the profit and loss account in the period in which the contributions fall due for payment.

2. TURNOVER

	2010 £	2009 £
Geographical analysis of turnover by destination		
United Kingdom	3,745,010	3,875,934
Rest of Europe	3,304,405	2,604,735
	<u>7,049,415</u>	<u>6,480,669</u>

All turnover originated in the UK

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

3. OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Depreciation and other amounts written off		
- tangible fixed assets	134,728	129,053
Operating lease rentals		
- property	235,585	234,395
- equipment	21,373	16,076
Foreign exchange loss	20,043	14,180
Auditor's remuneration		
- audit of the company's annual financial statements	9,200	9,200

There were no non-audit fees payable to the auditor (2009 same)

STAFF COSTS

The average monthly number of employees (including executive directors) was

	2010 Number	2009 Number
Production	14	11
Administration	8	7
	<u>22</u>	<u>18</u>

Their aggregate remuneration comprised

	2010 £	2009 £
Wages and salaries	661,902	559,643
Social security costs	42,439	40,488
Employers pension contributions and other staff costs	37,525	39,950
	<u>741,866</u>	<u>640,081</u>

	2010 £	2009 £
Directors' remuneration	<u>115,423</u>	<u>117,223</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Intercompany interest	<u>40,952</u>	<u>36,473</u>

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit comprises

	2010 £	2009 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	20,917	36,909
Total deferred tax credit	<u>20,917</u>	<u>36,909</u>
Total tax credit on profit on ordinary activities	<u>20,917</u>	<u>36,909</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2010 £	2009 £
Profit on ordinary activities before tax	<u>356,418</u>	<u>188,801</u>
Tax on group profit on ordinary activities at standard UK corporation tax rate of 28% (2009 - 28%)	99,797	52,864
Effects of		
Permanent differences	1,418	1,000
Depreciation in excess of capital allowances	20,917	36,909
Group relief received for nil consideration	<u>(122,132)</u>	<u>(90,773)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

6 TANGIBLE FIXED ASSETS

	Payments on account and assets in course of construction £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2010	278,173	1,440,630	27,420	1,746,223
Additions	-	63,910	3,899	67,809
Transfers	(278,173)	278,173	-	-
At 31 December 2010	-	1,782,713	31,319	1,814,032
Depreciation				
At 1 January 2010	-	652,436	3,209	655,645
Charge for the year	-	134,371	357	134,728
At 31 December 2010	-	786,807	3,566	790,373
Net book value				
At 31 December 2010	-	995,906	27,753	1,023,659
At 31 December 2009	278,173	788,194	24,211	1,090,578

7. STOCKS

	2010 £	2009 £
Raw materials and consumables	850,093	753,199
Work-in-progress and finished goods	392,644	443,477
	<u>1,242,737</u>	<u>1,196,676</u>

The replacement cost of stock is not materially different to its balance sheet value

8. DEBTORS

	2010 £	2009 £
Trade debtors	787,768	742,334
Amounts owed by group undertakings	2,616,488	2,327,756
Other debtors (see note 10)	72,757	51,840
Prepayments and accrued income	39,793	41,770
	<u>3,516,806</u>	<u>3,163,700</u>

Amounts owed by group undertakings includes £516,488 of cash held on behalf of the company which is repayable on demand, reflecting that it is part of a group cash pooling arrangement (2009 - £527,756)

All amounts are due within one year

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

9. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	117,248	72,417
Amounts owed to group undertakings	269,818	386,043
Other taxes and social security	44,290	52,653
Accruals and deferred income	344,659	264,299
	<u>776,015</u>	<u>775,412</u>

10 DEFERRED TAXATION ASSET

	Deferred taxation £
At 1 January 2010	51,840
Credit to profit and loss account	20,917
	<u>72,757</u>
At 31 December 2010	<u>72,757</u>

Deferred taxation provided is as follows

	Provided 2010 £	Provided 2009 £
Depreciation in excess of capital allowances	<u>72,757</u>	<u>51,840</u>

There is no unprovided deferred taxation in either year

11 CALLED-UP SHARE CAPITAL

	2010 £	2009 £
Allotted, called-up and fully-paid		
852,550 ordinary shares at £1 each	<u>852,550</u>	<u>852,550</u>

12. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2010	3,840,724
Retained profit for the year	<u>377,335</u>
At 31 December 2010	<u>4,218,059</u>

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010 £	2009 £
Profit for the financial year	377,335	225,710
Opening shareholder's funds	<u>4,693,274</u>	<u>4,467,564</u>
Closing shareholder's funds	<u>5,070,609</u>	<u>4,693,274</u>

14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At the end of the year, capital commitments were £nil (2009 - £nil)

b) Lease commitments

The company has the following annual commitments in respect of operating leases

	Plant and machinery		Land and buildings	
	2010 £	2009 £	2010 £	2009 £
Within one year	-	-	-	-
Between two and five years	12,146	12,146	-	-
After five years	-	-	235,585	235,585
	<u>12,146</u>	<u>12,146</u>	<u>235,585</u>	<u>235,585</u>

15 ULTIMATE CONTROLLING PARTY

The directors regard International Paper Company, a company incorporated in the state of New York, USA as the ultimate parent company and ultimate controlling party. The immediate parent company is International Paper Group (UK) Limited whose registered office is at Units 10&11 Navigation Park, Winsford Industrial Estate, Winsford, Cheshire, CW7 3RL.

The largest group of which International Paper Foodservice Europe Limited is a member and for which group financial statements are drawn up is that headed by International Paper Company, whose principal place of business is at 6400 Poplar Avenue, Memphis, Tennessee 38197, USA. The smallest such group is headed by International Paper Group (UK) Limited.

As a wholly owned subsidiary of International Paper Company the company has taken the exemption given in Financial Reporting Standard No. 8 "Related party disclosures" for wholly owned subsidiaries not to disclose related party transactions with other group companies.