Registered Number 2942785

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

Inovis UK Limited

Annual report
for the year ended 31 December 2010

Contents

Company Information
for the year ended 31 December 2010

Directors:	P F Finegan (resigned 28 April 2011) J C Redfern R A Symmons (appointed 1 July 2010)
Secretary:	Mitre Secretaries Limited (appointed 5 August 2010)
Registered office:	18 Station Road Sunbury on Thames Middlesex TW16 6SU
Registration number	2942785
Auditor.	KPMG Audit Plc 15 Canada Square London E14 5GL

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Business review and principal activities

The principal activity of the company is the provision of electronic commerce products and services

On 31 December 2010 a restructuring exercise took place to simplify the group structure for the UK subsidiaries of GXS Group Inc The purpose of the exercise was to consolidate the operating activities of the entities resulting in one customer facing operating entity with reduced administration costs

To achieve this consolidated operating position, the trade and assets of the UK trading companies, including Inovis UK Limited were transferred to GXS Limited

The results of the company show a profit after taxation of £191 000 (2009 £133,000) and sales of £3 753 000 (2009 £3,685,000)

At 31 December 2010 the company had net current assets of £653 000 (2009 £209 000) and net assets of £653,000 (2009 £462,000)

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

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows

P F Finegan (resigned 28 April 2011)
J C Redfern
R A Symmons (appointed 1 July 2010)

Statement of disclosure of information to auditor

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

So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

The auditor KPMG Audit Plc has indicated its willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

On behalf of the Board

Robert Symmons

RA Symmons
Director

Registered number 2942785

18 Station Road
Sunbury on Thames
Middlesex
TW16 6SU

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent Auditor's Report to the Members of Inovis UK Ltd

We have audited the financial statements of Inovis UK Ltd for the year ended 31st December 2010 (set out on pages 6 to 18) The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 3 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 profit for the year then ended
- have been properly prepared in accordance with UK 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

Richard Ackland

Richard Ackland
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor

24 October 2011

Chartered Accountants
15 Canada Square
London
E14 5GL

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	**3,753**	3 685
Cost of Sales		**(402)**	(400)
Gross profit		**3,351**	3 285
Administrative expenses		**(3,137)**	(3,101)
Operating profit		**214**	184
Interest receivable and similar income	3	**15**	7
Profit on ordinary activities before taxation	4	**229**	191
Tax on profit on ordinary activities	6	**(38)**	(58)
Profit for the financial year	12,13	**191**	133

The results in the above profit and loss account relate entirely to discontinuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	7	-	162
Tangible assets	8	-	91
		-	253
Current assets			
Debtors	9	**653**	1 379
Cash at bank and in hand		-	908
		653	2,287
Creditors – Amounts falling due within one year	10	-	(2,078)
Net current assets		**653**	209
Total assets less current liabilities		**653**	462
Capital and reserves			
Called-up share capital	11	**3**	188
Share premium account	12	**374**	374
Capital redemption reserve	12	**85**	85
Profit and loss account	12	**191**	(185)
Total shareholders' funds	13	**653**	462

The notes on pages 8 to 18 form part of these financial statements

These financial statements were approved by the board of directors on 19 October 2011 and were signed on its behalf by

RA Symmons
Director
Inovis UK Limited

Registered number: 2942785

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, notwithstanding the sale of the trade and assets to a group company, which the directors believe to be appropriate as the company has no material liabilities and no committed future operating expenses

GXS Group Inc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as is required to enable the Company to meet its obligations as they fall due As with any Company placing reliance on other group entities for financial support, it is assumed this will continue and, at the date of these financial statements, the Directors have no reason to believe it will not do so

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

Under FRS 1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the ultimate parent Company's financial statements which are available to the public

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes The principal components of turnover are described in the note below

Revenue recognition and deferred income

For perpetual software licenses the revenue is recognised on execution of a contract and completion of delivery obligations, provided that no uncertainties regarding the customer acceptance exist and collection of the related receivable is probable

For term software licences, the revenue is recognised rateably over the term of the licence agreement which is typically 12 months The value of invoices raised but not recognised in revenue are included in deferred income which is disclosed separately within creditors-amounts falling due within one year

For maintenance contracts, the revenue is recognised over the period of the contract on a straight line basis The value of invoices raised but not recognised in revenue are included in deferred income which is disclosed separately within creditors-amounts falling due within one year

Hosted services revenue consists of two elements being a standard monthly fee over an agreed contract term with revenue being recognised over the duration of the customer contract and additional services provided on a time and materials basis with revenue being recognised as the services are performed

Network services revenue consists of a standard monthly or annual fee over an agreed contract term, with revenue being recognised over the duration of the customer contract

Data synchronisation services revenue consists of two elements, being a standard monthly or annual fee over an agreed contract term with revenue being recognised over the duration of the customer contract and a set up fee with revenue being recognised as the service is performed

Consulting and training revenue are recognised when the related services are performed

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Deferred income represents the liability for advance billings to customers for services not yet provided including principally term software service licence fees support and maintenance fees and annual fees for network services

Intangible fixed assets

Trade marks are included at cost and amortised in equal annual instalments over a period of 7 years, which is their estimated useful economic life The directors perform an annual review of the carrying value of intangible assets and where there is an indication that the carrying value is impaired, a full impairment review is performed and provision is made for any impairment

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost, net of depreciation and any provision for impairment Cost includes the original purchase price of the asset and any incidental expenses Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life as follows

Leasehold improvements	- over the term of the lease
Computer equipment	- 20% to 33⅓% straight line
Office fixtures and fittings	- 14 3% to 20% straight line

Residual value is calculated on prices prevailing at the date of acquisition

Foreign currency

Transactions in foreign currencies are recorded and converted 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 into sterling at the rates of exchange prevailing at that date All differences on exchange are taken to the profit and loss account

Leasing

Rentals under operating leases are charged against income on a straight line basis over the lease term even if the payments are not made on such a basis

Pension costs

The cost of providing retirement pensions under the defined contribution scheme is charged to the profit and loss account as contributions fall due The difference if any between the charge to the profit and loss account and the contributions paid to the schemes is shown as an asset or a liability in the balance sheet The assets of the scheme are held separately from those of the company in an independently administered fund

Cash flow statement

The company has adopted the provision of FRS 1 (Revised 1996) 'Cash Flow Statements' and has taken advantage of the exemptions available to wholly owned subsidiary companies contained therein Accordingly, a cash flow statement is not included in these financial statements

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2 Turnover

The company operates in one segment and has only one main class of business The geographical analysis is

Turnover	2010 £'000	2009 £'000
United Kingdom	**1,396**	1,528
Europe	**2,312**	2,138
Rest of the World	**45**	19
	3,753	3,685

3 Interest receivable and similar income

	2010 £'000	2009 £'000
On bank deposits	**3**	7
On intercompany receivables	**12**	-
	15	7

Notes to the financial statements for the year ended 31 December 2010 (continued)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting)

	2010	2009
	£'000	£'000
Amortisation of intangible fixed assets	**29**	57
Depreciation of owned tangible fixed assets	**35**	33
Operating lease rentals		
- plant and machinery	**3**	4
- other	**100**	81
Auditor's remuneration		
- audit fees	**19**	19
- taxation	**5**	5
- other advisory services	**-**	26
Loss on foreign exchange transactions	**71**	140

Notes to the financial statements for the year ended 31 December 2010 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

By activity	2010 Number	2009 Number
Consultants and customer support	**12**	11
Sales and marketing	**4**	6
Administration and management	**4**	4
Total	**20**	21

The aggregate remuneration comprised

	2010 £'000	2009 £'000
Wages and salaries	**1,297**	1,385
Social security costs	**172**	170
Other pension costs (note 16)	**145**	153
Total	**1,614**	1,708

	2010 £'000	2009 £'000
Directors' emoluments:		
Aggregate emoluments	**310**	232
Company contributions to defined contribution pension schemes	**33**	42
	343	274
Highest paid director		
Aggregate emoluments	**173**	127
Company contribution to defined contribution pensions schemes	**16**	21
	189	148

Retirement benefits are accruing for 2 directors (*2009* 2) under a defined contribution pension scheme Director RA Symmons is paid by a fellow group company and did not receive any emoluments directly from the Company

Notes to the financial statements for the year ended 31 December 2010 (continued)

6 Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax		
UK corporation tax on profits for the year	**24**	38
Adjustments in respect of previous years	**-**	-
Total current tax	**24**	38
Deferred tax:		
Origination and reversal of timing differences	**14**	20
Total deferred tax (note 14)	**14**	20
Total tax on profit on ordinary activities	**38**	58

The tax assessed for the year is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	**229**	191
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	**64**	53
Effects of		
Expenses not deductible for tax purposes	**1**	4
Group relief claimed for no payment	**(33)**	-
Capital allowances in excess of deprecation	**(4)**	(19)
Utilisation of losses	**(4)**	-
Total current tax charge	**24**	38

Factors affecting current and future tax charges

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantially enacted in July 2010 and therefore any effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Intangible assets

	Trade mark £'000
Cost	
At 1 January 2010	400
Transfers out	(400)
At 31 December 2010	-
Accumulated Amortisation	
At 1 January 2010	238
Charge for the year	29
Transfers out	(267)
At 31 December 2010	-
Net Book Value	
At 31 December 2010	-
At 31 December 2009	162

8 Tangible assets

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2010	104	59	467	630
Transfers out	(104)	(59)	(467)	(630)
At 31 December 2010	-	-	-	-
Accumulated Depreciation				
At 1 January 2010	45	54	440	539
Charge for the year	22	2	11	35
Transfers out	(67)	(56)	(451)	(574)
At 31 December 2010	-	-	-	-
Net Book Value				
At 31 December 2010	-	-	-	-
At 31 December 2009	59	5	27	91

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Debtors

	2010 £'000	2009 £'000
Trade debtors	-	824
Amounts owed by group undertakings	653	304
Deferred tax asset (note 14)	-	78
Other debtors	-	104
Prepayments and accrued income	-	69
	653	1 379

Other debtors includes an amount of £nil (2009 £103 988) in respect of a rent deposit that is falling due after more than one year There is a charge on the rent deposit in respect of the company's commitment under a lease agreement Amounts owed by group undertakings are unsecured interest free and repayable on demand

10 Creditors - Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	-	39
Amounts due to group undertakings	-	460
Corporation tax	-	39
Other taxation and social security	-	150
Accruals and deferred income	-	1,390
	-	2,078

Amounts due to group undertakings are unsecured interest free and repayable on demand

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Called up share capital

	2010 £'000	2009 £'000
Allotted and fully paid		
2 661 (2009 102,661) ordinary shares of £1 each	3	103
0 (2009 85,000) redeemable ordinary shares of £1 each	-	85
	3	188

The redeemable ordinary shares were redeemable at the option of the company Each of the redeemable ordinary shares carried one vote and had equal voting rights to the ordinary shares in issue

During the year there was a capital reduction to reduce the ordinary share capital to £3,000

12 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2010	374	85	(185)
Capital reduction	-	-	185
Profit for the financial year	-	-	191
At 31 December 2010	374	85	191

13 Reconciliation of movements in total shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	191	133
Opening equity shareholders' funds	462	329
Closing equity shareholders' funds	653	462

Notes to the financial statements for the year ended 31 December 2010 (continued)

14 Deferred taxation

Amounts recognised in respect of deferred taxation assets comprise the following elements

	2010 £'000	2009 £'000
Tax effect of timing differences because of		
Accelerated capital allowances	-	54
Short term timing differences	-	20
Pension provision	-	4
	-	78

	2010 £'000	2009 £'000
As at 1 January	78	97
Charged to the profit and loss account	(14)	(19)
Transfer to fellow group company	(64)	-
As at 31 December	-	78

15 Financial commitments

The company had annual commitments under non-cancellable operating leases expiring as follows

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
Within one year	-	-	-	-
Between two and five years	89	3	89	1
Over five years	-	-	-	-
	89	3	89	1

16 Pensions

The company operates a defined contribution pension scheme The charge for the year represents contributions payable by the company and amounted to £145 000 (2009 £152 703) paid into defined contribution pension schemes There is an accrual at the year-end for £1 355 (2009 £15 588)

Notes to the financial statements for the year ended 31 December 2010 (continued)

17 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking and controlling entity is GXS Ltd (a company incorporated in the United Kingdom)

The largest and smallest group in which the results of the Company are consolidated is that headed by the Company's ultimate parent undertaking and controlling entity, GXS Group Inc (a Company incorporated in the United States of America) The consolidated financial statements of this Company are available to the public and may be obtained from 9711 Washingtonian Blvd Suite 700 Gaithersburg MD 20878, USA

18 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) of the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by GXS Group Inc, whose accounts are publicly available