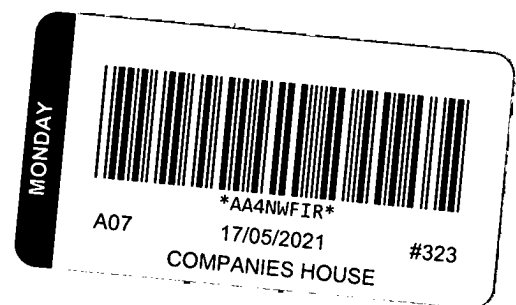


Registered Company number: 04152502

JS Information Systems Limited

Annual Report and Financial Statements

For the 52 weeks to 7 March 2020



JS Information Systems Limited
Strategic report
For the 52 weeks to 7 March 2020

Principal activities and review of business

JS Information Systems Limited (the 'Company') made a profit for the financial year of £18,932,000 (2019 restated: £9,052,000). The financial position as at 7 March 2020 is shown in the balance sheet on page 7.

The principal activity of the Company is the provision of IT goods and services to J Sainsbury plc and its subsidiaries (the 'Group').

All material operations are carried out in the United Kingdom. A full review of the business and the market can be found in the 2020 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website: www.about.sainsburys.co.uk.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of and not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 36 to 45 of the J Sainsbury plc Annual Report and Financial Statements 2020, which do not form part of this report.

Future developments

No change is planned in the activities of the Company in the next financial year.

Key performance indicators (KPIs)

The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 2 to 35 of the Group's annual report, which does not form part of this report.

Financial risk management

The financial risk management and policies of the Group, which include those of the Company, are disclosed in note 29 on pages 153 to 162 of the Group's Annual Report.


Section 172 statement and stakeholder engagement

All directors are collectively responsible for the success of the Company and take their duties and responsibilities, including those set out in Section 172(1) of the Companies Act 2006, seriously. When making decisions, the board of directors seek to take the course of action that it considers best leads to the success of the Company over the long term, and this includes considering the Company's stakeholders.

The Company is a subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of J Sainsbury plc and its subsidiaries (the 'Group'). During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group and suppliers. It is the day-to-day responsibility of individual Directors to engage with stakeholders relevant to their roles in the Group. The disclosure below provides further detail on how the Directors have engaged with stakeholders. These interactions informed key decisions that the Directors made during the year, such as approving the Company's financial statements.

Who are our stakeholders?	How do we engage with them?
The Group	Through the Group Operating Board and other Group Committees detailed in the 2020 Annual Report for J Sainsbury plc on page 55.
Suppliers Goods Not For Resale (GNFR) suppliers.	Our suppliers have access to our online supplier portals where we share news about the organisation and develop new ways of working with them which ensures a consistent forum for tendering communication.

By order of the Board:


P V Jordan (May 14, 2021 14:44 GMT+1)

Philip Jordan
Director
14 May 2021

JS Information Systems Limited
Directors' report
For the 52 weeks to 7 March 2020

The Directors present their report and the audited financial statements of JS Information Systems Limited (the 'Company') for the 52 weeks to 7 March 2020. The prior financial year was the 52 weeks to 9 March 2019.

Dividends

During the financial year, there were no dividends recommended or paid (2019: £nil).

Going concern

The Directors have, at the time of approving the financial statements, 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 financial statements.

Directors

The Directors of the Company, who held office during the financial year and up to the date of signing of the financial statements, are shown below:

Sarah Hunter (appointed 6 May 2019)
Philip Jordan (appointed 14 June 2019)
Richard Newsome (resigned 30 October 2020)
Tim Fallowfield (resigned 14 June 2019)
John Elliott (appointed 1 October 2020)

Company Secretary

The Company Secretary of the Company who held office during the financial year and up to the date of signing the financial statements is shown below:

Sainsbury's Corporate Secretary Limited (appointed 7 May 2021)
Julia Foo (appointed 14 June 2019 and resigned 7 May 2021)
Tim Fallowfield (resigned 14 June 2019)

Directors' indemnities

The Directors are entitled to be indemnified by the ultimate parent company, J Sainsbury plc, to the extent permitted by law and the Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The parent company purchased and maintained Directors' and Officers' liability insurance throughout 2019/20, which has been renewed for 2020/21. The insurance covers all Directors and Officers of companies in the J Sainsbury plc Group. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.


Disclosure of information to auditors

Each of the Directors has confirmed that, so far as he is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office.

By order of the Board:


P V Jordan (May 14, 2021 14:44 GMT+1)

Philip Jordan
Director
14 May 2021

JS Information Systems Limited
Statement of Directors' responsibilities
For the 52 weeks to 7 March 2020

The Directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, 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 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.

By order of the Board:

John Elliott

John Elliott (May 14, 2021 14:52 GMT+1)

John Elliott
Director
14 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JS INFORMATION SYSTEMS LIMITED

Opinion

We have audited the financial statements of JS Information Systems Limited for the 52 weeks period ended 7 March 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. 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), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 7 March 2020 and of its profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – disclosure of effects of COVID-19

We draw attention to note 2 and note 16 of the financial statements, which describe the impact on the Company as a result of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ben Marles (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 May 2021

JS Information Systems Limited
Statement of comprehensive income
For the 52 weeks to 7 March 2020

		2020	2019
			(restated)
	Note	£'000	£'000
Revenue		412,543	326,995
Cost of sales		(266,329)	(182,936)
Gross profit		146,214	144,059
Administrative expenses		(126,863)	(130,034)
Operating profit	4	19,351	14,025
Finance costs	6	(264)	(63)
Profit before tax		19,087	13,962
Income tax expense	7	(155)	(4,910)
Profit for the financial year	14	18,932	9,052
Total comprehensive profit for the financial year		18,932	9,052

The notes on pages 9 to 21 are an integral part of these financial statements.

The restatements relate to the adoption of IFRS 16 as explained in note 3.

JS Information Systems Limited
Balance Sheet
As at 7 March 2020

		2020	2019
	Note	£'000	(restated)
			£'000
Non-current assets			
Right of use assets	9	7,575	10,070
Deferred income tax asset	8	539	643
		8,114	10,713
Current assets			
Tax receivable		10,549	13,503
Inventories	10	45,749	52,527
Trade and other receivables	11	99,037	69,712
		155,335	135,742
Total assets		163,449	146,455
Current liabilities			
Trade and other payables	12	(26,950)	(26,134)
Lease liabilities	9	(1,724)	(2,358)
Taxes payable		-	-
		(28,674)	(28,492)
Net current assets		126,661	107,250
Non-current liabilities			
Lease liabilities	9	(5,610)	(7,730)
		(5,610)	(7,730)
Total liabilities		(34,284)	(36,222)
Net assets		129,165	110,233
Equity			
Called up share capital	13	-	-
Retained earnings	14	129,165	110,233
Total equity		129,165	110,303

The notes on pages 9 to 21 are an integral part of these financial statements. The restatements relate to the adoption of IFRS 16 as explained in note 3.

The financial statements on pages 6 to 21 were approved by the Board of Directors and were signed on its behalf by:

John Elliott
 John Elliott (May 14, 2021 14:52 GMT+1)

John Elliott
 Director
 14 May 2021

JS Information Systems Limited
Statement of changes in equity
For the 52 weeks to 7 March 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 10 March 2019 (as previously reported)	-	109,910	109,910
Cumulative adjustment to opening balance on adoption of IFRS 16	-	323	323
At 10 March 2019 (restated)	-	110,223	110,223
Profit for the year	-	18,932	18,932
At 7 March 2020	-	129,165	129,165
 At 11 March 2018 (as previously reported)	-	101,112	101,112
Cumulative adjustment to opening balance on adoption of IFRS 16	-	69	69
At 11 March 2018 (restated)	-	101,181	101,181
Profit for the period (restated)	-	9,052	9,052
At 9 March 2019 (restated)	-	110,233	110,233

The notes on pages 9 to 21 are an integral part of these financial statements. The restatements relate to the adoption of IFRS 16 as explained in note 3.

JS Information Systems Limited
Notes to the financial statements
For the 52 weeks to 7 March 2020

1. General information

JS Information Systems Limited (the 'Company') is a private limited company incorporated and domiciled in England and Wales. The Company's registered address is 33 Holborn, London EC1N 2HT. The Company is part of J Sainsbury plc (the 'Group').

The immediate and ultimate parent company and controlling party of the Company is J Sainsbury plc, which is registered in England and Wales and forms the only group into which the financial statements of the Company are consolidated. Copies of the ultimate parent company's consolidated financial statements may be obtained from www.about.sainsburys.co.uk.

The financial year represents the 52 weeks to 7 March 2020 (prior financial year 52 weeks to 9 March 2019).

2. Accounting policies

(a) Statement of compliance

The Company's financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company is a qualifying entity for the purposes of FRS 101. The Company's transition date to FRS 101 was 16 March 2013. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The results of the Company are consolidated into the Annual Report and Financial Statements 2020 of J Sainsbury plc, available on the Group's website.

FRS 101 sets out amendments to IFRS as adopted by the European Union that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of comprehensive income, Balance sheet or Statement of changes in equity for the Company for the 52 weeks to 7 March 2020.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement.
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values.
- The requirements of IFRS 15 to disclose the disaggregation of revenue.

(b) Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand (£'000) unless otherwise stated, and have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company has adopted IFRS 16 'Leases' effective for the 52 weeks ending 7 March 2020. IFRS 16 has been applied fully retrospectively and therefore comparatives for prior periods have been restated. Further details regarding the impact of IFRS 16 are included in note 3.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. Further details on the updated accounting policies following the adoption of IFRS 16 'Leases' are included in note 2.

2. Accounting policies (continued)

Going Concern

The Directors have, at the time of approving the financial statements, 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 financial statements.

Amendments to published standards

The Company has considered the following amendments to published standards that are effective for the Company for the financial year beginning 10 March 2019 and concluded that with the exception of IFRS 16 'Leases' they are either not relevant to the Company or that they do not have a significant impact on the Company's financial statements. These standards and interpretations have been endorsed by the European Union.

- IFRS 16 'Leases'
- IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to IFRS 9 'Financial Instruments' on prepayment features with negative compensation
- Amendments to IAS 19 'Employee Benefits' on plan amendments, curtailments or settlements
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' on long term interests in associates and joint ventures
- Annual Improvements Cycle 2015-2017 (issued in December 2017)

Further information on the impact of IFRS 16 is included in note 3.

Standards and revisions effective for future periods:

The following standards and revisions will be effective for future periods:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 'Business Combinations' on the definition of a business
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of material
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures' on interest rate benchmark reform
- IFRS 17 'Insurance Contracts'

The Company has considered the impact of the remaining above standards and revisions and has concluded that they will not have a significant impact on the Company's financial statements.

2. Accounting policies (continued)

Revenue

Revenue represents the value of IT goods and services supplied to Group companies and arises solely within the United Kingdom. Revenue is recognised in the income statement at the fair value of consideration invoiced. Where a service has been provided but not yet invoiced an amount is included in the financial statements as accrued revenue.

Revenue is recognised once the performance obligation is deemed to be fulfilled by the Company and the revenue associated to the performance obligation can be reliably measured.

Cost of sales

Cost of sales consists of all costs to the point of sale of IT capital.

Administrative expenses

Administrative expenses consist of all operational expenditure.

Finance costs

Finance costs are recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

Inventories

Inventories comprise of goods held for resale and are valued on a historical cost basis and carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any subsequent remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured when there is a change in the future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered uniformly low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are expensed to the income statement, as well as costs relating to variable lease payments dependent on performance of usage and 'out of contract' payments.

2. Accounting policies (continued)

Current tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income, in which case the current tax is also dealt with in equity or other comprehensive income respectively.

Deferred tax

Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income respectively.

Deferred tax is provided on temporary differences associated with investments in subsidiaries, branches, and joint ventures except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

Financial assets

The Company classifies all of its financial assets at amortised cost in accordance with IFRS 9.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. Accounting policies (continued)

Impairment of financial assets

IFRS 9 requires the Company to record an allowance for ECL for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company establishes provisions against trade receivables to reflect the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

Financial liabilities

Payables are initially recorded at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Fair value estimation

The fair values of trade and other receivables and trade and other payables less than one year are deemed to approximate their book values.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those which are significant to the Company are discussed separately below:

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Inventories

The Company provides IT capital assets to J Sainsbury plc and its subsidiaries (the 'Group'). It is deemed that these assets are held for sale in the ordinary course of business and as a result are classified as inventory.

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to either lease the assets for additional terms, or terminate the lease early (a break option). The Company applies judgement in evaluating whether it is reasonably certain to exercise these options. That is, it considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. The judgement currently applied is that the Company assumes contractual terms unless it is reasonably certain that an extension or break option will be applied.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy). Any reassessment of the lease term will be reflected in a recalculation of the lease liability and respective right-of-use asset.

2. Accounting policies (continued)

Impact of COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections across many countries. Management has exercised significant judgement when determining whether any adjustments are required to the financial statements as at 7 March 2020.

The conditions that existed at the balance sheet date were that a disease, present in a number of countries globally, was in existence. It had stabilised in China, however had caused a level of uncertainty in the market. The UK response to the outbreak was still minor and day-to-day life in the UK where the Group operates was unchanged. Despite the lockdown in China, a UK lockdown and subsequent economic impact was not readily apparent at this stage. As a result none of the conditions at the balance sheet date indicated that any adjustments would be required to the Group's financial statements.

The subsequent rise in infections in the UK, significant market movements and global lockdowns occurred after the year-end date, but do not provide additional information about conditions that existed at the balance sheet date. In particular, it was on 11 March that the World Health Organisation declared the virus a pandemic, and from 16 March that the UK Government announced major government-backed loans. It is also this date that day-to-day life in the UK began to be impacted through announced social distancing measures, with additional, stay at home measures being enforced even later. The scale of these Government interventions and impact on daily life in the UK were not apparent at the balance sheet and therefore represent non-adjusting events to the Group. Given the significance of these events, additional disclosures, including sensitivities, are included in note 41 on page 189 of the Group's Annual Report.

Sources of estimation uncertainty

The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Impairment of assets other than goodwill

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the year when such determination is made. Detail of the tax charge is set out in note 8.

Lease liabilities

The discount rate used to calculate the lease liability is the rate implicit in the lease if it can be readily determined, or the Group's incremental borrowing rate (IBR) if not.

The IBRs depend on the start date and term of the lease, and are determined based on a number of inputs including a reference (risk free) rate and adjustments to reflect the Group's credit risk. The reference rates are based on UK overnight swap rates and the credit risk adjustments are based on the prices of instruments issued by the group and quoted credit default swaps ("CDS").

The weighted average IBR applied on transition to IFRS 16 was 5.5%, with individual leases ranging from 0.7% to 16.5%.

3. Adoption of IFRS 16 'Leases'

IFRS 16 'Leases' supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company has adopted IFRS 16 with a date of initial application of 10 March 2019. The Company adopted IFRS 16 using the full retrospective method of adoption as if it had already been effective at the commencement date of existing lease contracts. Accordingly, the comparative information in the consolidated financial statements has been restated.

The Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a. Effect of adoption of IFRS 16

The Company's lease portfolio consists of properties including retail, distribution and office properties, as well as vehicles and other equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Assets funded through finance leases were capitalised as property, plant and equipment and depreciated over the shorter of their estimated useful lives or the lease term. The amount capitalised was the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term. The resulting lease obligations were included in liabilities net of finance charges. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. For operating leases under IAS 17, the lease payments were recognised as rental expense in the income statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised within "Other receivables" and "Trade and other payables", respectively.

Upon adoption of IFRS 16, the Company now applies a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognises a right-of-use asset and a lease liability at the lease commencement date, and the rental charge is replaced with depreciation on the right-of-use asset and interest on the lease liability. The new accounting policies for leases are detailed in note 2.

The effect of adoption of IFRS 16 on the balance sheet as at 10 March 2018 is as follows:

	10-Mar 2018 £'000
Assets	
Right-of-use asset	3,356
Deferred income tax asset	(97)
Non-current assets	3,259
Trade and other receivables	(363)
Current assets	(363)
Liabilities	
Lease liabilities	(2,222)
Current liabilities	(2,222)
Lease liabilities	(605)
Non-current liabilities	(605)
Net assets	69
Equity	
Retained earnings	69
Total equity	69

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020

3. Adoption of IFRS 16 'Leases' (continued)

A full reconciliation of the impact of IFRS 16 on the Company income statement and balance sheet as at 9 March 2019 is set out below:

Income statement

	52 weeks 09-Mar 2019 (reported) £'000	IFRS 16 Impact £'000	52 weeks 09-Mar 2019 (restated) £'000
Revenue	326,995	-	326,995
Cost of sales	(182,936)	-	(182,936)
Gross profit	144,059	-	144,059
Administrative expenses ^(a)	(130,324)	290	(130,034)
Operating profit	13,735	290	14,025
Finance costs ^(a)	-	(63)	(63)
Profit before tax	13,735	227	13,962
Income tax expense	(4,937)	27	(4,910)
Profit for the financial period	8,798	254	9,052

(a) Adjustments to cost of sales, administrative expenses and finance costs reflect rental expenses under IAS 17 being replaced with interest on lease liabilities and depreciation on right-of-use assets

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020

3. Adoption of IFRS 16 'Leases' (continued)

Balance sheet

	52 weeks to 09-Mar 2019 (reported) £'000	IFRS 16 Impact £'000	52 weeks to 09-Mar 2019 (restated) £'000
Non-current assets			
Right-of-use asset ^(a)	-	10,070	10,070
Deferred income tax asset	713	(70)	643
	713	10,000	10,713
Current assets			
Tax receivable	13,503	-	13,503
Inventories	52,527	-	52,527
Trade and other receivables	69,712	-	69,712
	135,742	-	135,742
Total assets	136,455	10,000	146,544
Current liabilities			
Trade and other payables ^(b)	(26,545)	411	(26,134)
Lease liabilities ^(c)	-	(2,358)	(2,358)
	(26,545)	(1,947)	(28,492)
Net current liabilities	109,197	(1,947)	107,250
Non-current liabilities			
Lease liabilities ^(c)	-	(7,730)	(7,730)
	-	(7,730)	(7,730)
Net assets	109,910	323	110,233
Equity			
Called up share capital	-	-	-
Retained earnings	109,910	323	110,233
Total equity	109,910	323	110,233

(a) Recognition of right-of-use assets

(b) Predominantly the removal of any liabilities previously recognised due to lease incentives, along with rent accruals

(c) Recognition of lease liabilities

b. Summary of new accounting policies

The new accounting policies of the Group upon adoption of IFRS 16 are detailed within note 2.

c. Updates to judgements and estimates

New judgements and estimates as a result of adopting IFRS 16 are as disclosed in note 2.

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020
4. Operating profit

Auditors' remuneration for the current financial year was £1,600 (2019: £1,214).

Depreciation for the current financial year (restated) was £2,594,000 (2019 restated: £2,743,000).

5. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2019: nil).

All of the Directors are also employees of the parent company, J Sainsbury plc, or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a fellow Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of fellow group companies. Accordingly, the above details do not include emoluments in respect of the Directors.

6. Finance costs

Finance costs for the current financial year (restated) was £264,000 (2019 restated: £63,000) comprised of borrowing costs in relation to lease liabilities.

7. Income tax expense

	2020 £'000	2019 (restated) £'000
Current tax expense:		
UK current tax expense	-	2,355
Under provision in prior years	52	2,426
	52	4,781
Deferred tax expense:		
Origination and reversal of temporary differences	170	386
Change in tax rate	(20)	(18)
Over provision in prior years	(47)	(239)
	103	129
Total income tax expense in income statement	155	4,910
	2020 £'000	2019 (restated) £'000
Profit before tax	19,087	13,962
Income tax at UK corporation tax rate of 19.00% (2019: 19%)	3,627	2,653
Over provision in prior years	5	2,188
Transfer pricing adjustment	328	164
Group relief claimed for £nil consideration	(3,784)	-
Revaluation of deferred tax balances	-	(18)
Other	(21)	(77)
Total income tax expense in the income statement	155	4,910

The main rate of UK corporation tax reduced from 20 per cent to 19 per cent from 1 April 2017. A further reduction in the corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted in a prior period, so its effect is reflected in these financial statements. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse. A change to the corporation tax rate, so that it remains at 19% rather than reducing to 17% from 1 April 2020, was announced in the 2020 Budget. However, this rate change was not substantively enacted at the balance sheet date, so its effect is not reflected in these financial statements.

The effect of a two per cent increase in the corporation tax rate on the deferred tax balances at the balance sheet date would increase the deferred tax asset by £63,522, which is primarily recognised in the income statement.

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020

8. Deferred income tax asset

	Accelerated depreciation £'000	Other £'000	Leases £'000	Total £'000
At 10 March 2019	713	-	(70)	643
Prior year over provision	-	46	-	46
Charge to income statement	(143)	(52)	24	(171)
Rate change adjustment to income statement	15	6	-	21
At 7 March 2020	585	-	(46)	539
At 11 March 2018 (restated)	869	-	(97)	772
Prior year over provision	-	239	-	239
Charge to income statement	(174)	(239)	27	(147)
Rate change adjustment to income statement	18	-	-	18
At 9 March 2019 (restated)	713	-	(70)	643

Deferred income tax assets have been recognised in respect of all income tax losses and other temporary differences giving rise to deferred income tax assets because it is probable that these assets will be recovered. Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority.

9. Leases

Group as lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land and buildings £'000
Net book value	
At 10 March 2019 (restated)	10,070
Additions	99
Depreciation charge	(2,594)
At 7 March 2020	7,575
At 11 March 2018 (restated)	3,356
Additions	9,457
Depreciation charge	(2,743)
At 9 March 2019 (restated)	10,070

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 £'000	2019 (restated) £'000
At 10 March 2019 and 11 March 2018	10,088	2,827
Additions	99	9,457
Interest expense	264	63
Payments	(3,117)	(2,259)
At 7 March 2020 and 9 March 2019	7,334	10,088
Current	1,724	2,358
Non-current	5,610	7,730

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020

10. Inventories

	2020	2019
	£'000	£'000
Goods held for resale	45,749	52,527

The amount of inventories recognised as an expense and charged to cost of sales for the 52 weeks to 7 March 2020 was £266,329,000 (2019: £182,936,000).

11. Trade and other debtors

	2020	2019
	£'000	£'000
Current		
Other receivables and prepayments	35,393	28,509
Amounts due from Group companies	63,644	41,203
	99,037	69,712

Other debtors and prepayments are non-interest bearing and are on commercial terms. All current debtors are denominated in sterling. Amounts due from Group companies are non-interest bearing and are repayable on demand. All amounts are not considered overdue or impaired.

12. Trade and other payables

	2020	2019
	£'000	(restated) £'000
Current		
Other payables	21,711	-
Accrued expenses	5,239	26,134
	26,950	26,134

The Company's policy on payment of creditors is to agree terms of payment prior to commencing trade with a supplier and to abide by those terms on the timely submission of satisfactory invoices. Amounts due are non-interest bearing and payable on demand.

JS Information Systems Limited
Notes to the financial statements (continued)
For the 52 weeks to 7 March 2020

13. Called up share capital

	2020	2019	2020	2019
	Number	Number	£	£
Allotted and fully paid				
Called up share capital - £1	1	1	1	1

14. Retained earnings

	Total
	£'000
At 10 March 2019 (as previously reported)	109,910
Cumulative adjustment to opening balance on adoption of IFRS 16	323
At 10 March 2019 (restated)	110,233
Profit for the year	18,932
At 7 March 2020	129,165
At 11 March 2018 (as previously reported)	101,112
Cumulative adjustment to opening balance on adoption of IFRS 16	69
At 11 March 2018 (restated)	101,181
Profit for the year (restated)	9,052
At 9 March 2019	110,233

15. Capital commitments

The Company has entered into contracts totalling £10,114,000 (2019: £2,887,000) for future capital expenditure in relation to property, plant and equipment and £8,711,000 (2019: £2,823,000) for intangible assets not provided for in the financial statements. This expenditure will be classified as inventories in the Company in line with the accounting policies set out in Note 2.

16. Post balance sheet events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of infections across many countries. As detailed in note 2 it has been concluded that none of the conditions at the balance sheet date indicated that any adjustments would be required to the Company's financial statements.

Subsequent to the balance sheet date, Julia Foo resigned as a director on 7 May 2021 and Sainsbury's Corporate Secretary Limited was appointed as a director on 7 May 2021.