

# Shopping for funding and liquidity



It continues to be a challenging marketplace for the UK retail sector. Traditional retailers are not getting as big a slice of the pie as they used to, and a weakened pound, tightening discretionary income and increased competition from online rivals has promoted the collapse of a number of big name brands and led a queue of others to go through life-changing journeys.

A fast-changing marketplace means that maintaining strong and flexible access to funding and liquidity is vital.

Working with a number of retailers, we're spotting a number of common themes:



Financial covenants are coming under strain and forcing companies into financing discussions with lenders.



Banks are acting cautiously towards the sector with materially increased scrutiny. This is placing a greater 'burden of proof' on borrowers, including those who are growing, to evidence credible plans, robust controls and considered financing strategies.



Credit insurers, suppliers and pension trustees/regulators are taking an increasing interest, and any action they take can have a material impact on liquidity.



Time is the most precious commodity and engaging early with lenders backed by a well thought out financing strategy is fundamental to achieving the best possible outcome.

The market may be tough but banks continue to lend to those taking the right steps, while growth in the credit fund market has provided a wide range of lenders with the capital and flexibility to support retailers across the risk spectrum. If managed well, retailers can maintain access to funding, retain lender support and attract investment.



# Retail activity

KPMG is very active in the retail market, helping businesses including Mothercare, Jigsaw and Nisa navigate challenging trading conditions and come through the other side.

To hear more on how we are helping retailers on their funding, please do get in touch.



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**Mothercare**

Corporate Finance  
Refinancing and  
restructuring



**Nisa Retail  
Limited**

Corporate Finance  
ABL refinancing



**J I G S A W**  
LONDON

**Jigsaw**

Corporate Finance  
Refinancing and  
capital raise