Begbies Traynor Q4 13 Red Flag Alert - Mixed Performance From The Retail Sector

Monday 20 January, 2014

Despite strong Christmas trading for retailers driving a quarterly improvement in distress levels, the research show that the number of retailers facing critical problems increased 16% from Q4 2012. Julie Palmer, Partner at Begbies Traynor, commented:

"Christmas came late for UK retailers in 2013, as consumers more than ever left their festive shopping to the last minute, taking advantage of the growing number of reliable next-day delivery and click-and-collect services offered by the best in class online and high-street retailers. Still, UK consumers refused to scrimp this festive season, resulting in positive increases in sales volumes among food and general retailers compared to the previous quarter. However when compared to Q4 2012, levels of 'Critical' distress among general retailers were actually 16 percent higher this year, as physical retail volumes struggled to keep pace with last year's excessive spending1 resulting in heavy discounting across the high street.

The report also shows earlier stage 'Significant' distress levels among UK businesses are at a record high this quarter, particularly among the SME community - a common occurrence at this stage of any recovery process, as businesses with inexperienced management teams or limited credit availability show themselves to be unprepared to step up a gear to remain competitive in a growing market.

-Ends-

Notes to Editors:

1. Julie Palmer is available today should you require a telephone interview. Please contact begbiescorporate@mhpc.com if you'd like to arrange one. ?

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