



MANCHESTER'S WHOLESOME FOODSTORE

**UNICORN GROCERY
will be**

- creating a new co-operative store for South Manchester
- selling wholesome foodstuffs
- employing 5 full-time equivalents at end of Year 2
- achieving sales of over £250,000 in Year 2
- serving a population of 500,000 within a 5-mile radius

This is to be financed by raising £50,000 of capital.

**UNICORN GROCERY
will trade with respect for**

- a healthy diet
- consumption of goods of non-animal origin
- the environment
- a sustainable world economy
- the labour of others
- our customers — we will offer value for money

PROSPECTUS

Our Statement of Purpose

We are committed to five principles of purpose:

1. **SECURE EMPLOYMENT:** our members seek to provide a livelihood with some control over their working environment. We accept the responsibilities and rewards of this challenge.
2. **EQUAL OPPORTUNITY:** we shall reserve some employment for members with a learning disability. We believe that all should have an equal opportunity to undertake paid work. Being able to carry out at least 8 hours useful work per week allows a worker to apply for membership.
3. **WHOLESOME HEALTHY CONSUMPTION:** we aim to trade in wholesome foodstuffs and household goods of non-animal origin. These are products which have undergone minimal processing, in order to maintain or enhance nutritional value. Organic standard is a worthy target.
4. **FAIR and SUSTAINABLE TRADE:** we wish to trade with and support a sustainable world environment and economy. We shall trade preferentially in products which follow the "Fair Trade" ethos and alert our customers to the problems of cash crop agriculture. 4% of our wage costs will be contributed to a fund to support projects which challenge the imbalance of global poverty and health. We shall promote products which produce minimised environmental impact and further the reuse of global resources, notably in their packaging.
5. **SOLIDARITY in CO-OPERATION:** we shall support like-minded ventures and acknowledge both competition and co-operation as fundamental to human nature. 1% of our wage costs will be contributed to a fund to support projects which promote community and society in the United Kingdom. We shall promote co-operative structures and spirit through all our trading, social and educational activities.



Unicorn will pursue the above principles with an initial working group of 5 from premises of around 3,000 sq.ft. on six days a week. We will sell a broad wholefood product range of 300-500 lines at very competitive prices. A strategy of purchasing near to source, simple recyclable packaging, on-site packing & processing, and a concentration on healthy and Organic standard foodstuffs, will make Unicorn unique in Greater Manchester. We will be offering a serious alternative to the supermarket model which requires not only an increasing consumption of land and materials but also an increased processing of foodstuffs.

We intend our enterprise to take less from the community than it gives. We are committed to seeing the vision become a reality not only because of our personal choice but also because of the wider social, environmental and commercial necessity.

Finance

Start-up Capital

We need to raise £50,000 of capital to establish our enterprise. We intend to do this by way of a loanstock issue (i.e. bonds issued for a fixed term at a fixed rate of interest) and bank borrowing. A summary of the conditions of our loanstock issue can be found on the back page of this prospectus. From an initial circulation of people likely to support the venture we have raised £20,000 by way of loanstock at an average rate of interest of 5%. This support, together with a bank loan, is sufficient for us to launch the Grocery. However, our initial cash flow is helped as the proportion of loanstock to loan increases, so we are offering this investment opportunity more widely. We are now circulating local shareholders of companies with a similar outlook to ourselves — which is where you come in! Our cash flow projections indicate that, were we to launch today, with our current level of support, we would break even during our second year of trading — break even requiring 7 customers an hour or 350 a week spending an average £10 each. We consider this target to be well within our compass.



Pricing

Selling price remains the key factor for most consumers and we do not expect this to be overtaken by other concerns such as convenience or ethical standards in the foreseeable future. Our intention is to price at a level competitive or below that of Sainsbury/Safeway/Tesco for comparable or better produce. Aldi/Netto are not comparable, either in terms of likely customers or quality of goods sold; nor are traditional health food shops in terms of range of goods sold.

We expect our prices to be responsive to market conditions: e.g. by advertising attractive opening offers. The use of computer technology will enable price changes to be reflected quickly in the grocery stock (decreases as well as increases). In principle, a 29% gross profit margin will be applied across the board, offering value for money.



Premises

We intend to trade from premises of around 3,000 sq.ft. accessible by car and public transport, within walking distance of a traditional shopping centre, and with adequate car parking available. The building will be dominated by a selling space but will also include small areas (c. 500 sq.ft.) for storage and for packing/processing. We are open to the possibility of a site anywhere in a large arc of South Manchester, but have concentrated in our search on the Chorlton area. We have identified several possible sites were they to become vacant, have investigated various properties that have been on the market, and are currently in negotiation over two premises within the Chorlton Business District. However, we are also keeping our eyes open beyond the boundaries of Chorlton.

Working Group

Unicorn Grocery has registered as a worker co-operative under the Industrial and Provident Societies Acts. As such it has seven founder members. However the planning and implementation of the Grocery has been carried forward by a Working Group consisting of some founder members of the co-operative and some of those who will work in the enterprise once it is established. The Working Group are:

Lucian Conway

Lucian was involved in running Ploughshares Wholefood Co-op in Wellingborough in the late '80s. He has experience of social residential work involving teenagers and has recently returned from South America where he taught language studies. He is currently working locally in the retail trade and intends working for Unicorn once it opens.

Griff Dines

Griff has helped as a volunteer at the Daily Bread Co-operatives, both in Northampton before it opened and, more recently, at the Daily Bread Co-operative in Cambridge. Amongst other responsibilities as an anglican vicar in Wythenshawe, he is a governor of Roundwood Upper School, a secondary school for students with moderate learning difficulties. He is on the Working Group as a founder member of Unicorn.

Paul Wilding

Paul is Professor of Social Policy at the University of Manchester. He has had many years of involvement in a variety of voluntary organisations. He is on the Working Group as a founder member of Unicorn.

Diane Wimbush

Diane is experienced in office administration and was for some years self-employed as a therapist and healer. She has been extensively involved with various children's voluntary organisations. She is currently working for an accountancy firm in Central Manchester and intends working for Unicorn once it opens.

Adam York

Adam was administrator and buyer at Ploughshares Wholefood Co-op from 1985-89, a small competitive retailer with a majority of members with a learning disability. He served on the board of Northants Co-op Development Association for 2 years and did a 1 year student placement at Daily Bread Northampton in 1983/4. He is currently a Residential Officer working with adults with a learning disability and intends working for Unicorn once it opens.



Market Information

Modern food retailing is dominated by a small number of supermarket chains (90% of grocery spending) and the general drift towards convenience and highly processed food continues (e.g. the top 3 brands in 1992 were Coca-Cola, Nescafé and Silver Spoon Sugar). There has, however, also been increased appreciation of the implications of such diets and many consumers have become much more discriminating in their food buying. A growing number of people are, for a combination of health and ethical reasons, improving their diets and preparing meals from their own ingredients.

Around the country there are several grocery co-operatives, for example Daily Bread in Northampton and Cambridge, the Leicester Wholefood Co-op, and, more recently, the Out of This World Co-op chain, which are catering for this market. However there has been limited provision locally. Our research has shown that there is a market for good quality, basic, additive-free foodstuffs at reasonable prices. We believe that the time is right to bring this kind of shopping facility to Manchester.

Some data

- Most grocery trips are within a 5-mile radius of home. The original Daily Bread Northampton estimates were that a 500,000 population catchment area was needed to have a sufficient customer base. This (cautious) figure would be satisfied within a 5-mile radius of the areas of South Manchester we are considering for location.
- Most grocery trips are made by car, up to 98% at the Daily Breads. Committed customers are prepared to travel considerably further than the 5 miles mentioned above (e.g. both Daily Breads have a significant minority of customers travelling up to 20 miles.) Although offering good car parking facilities, we hope that by being convenient for public transport and by offering a free home delivery service we can discourage unnecessary usage of cars.
- Average Spend is a minimum of £10 (£15-20 at Daily Bread Cambridge in 1994/5) but a broader product range could take this figure closer to the £80 an average household spends on groceries per week.



The existing market in Greater Manchester might support 3-4 stores like Unicorn Grocery as concern about food and environmental contamination continues to grow. Our long-term marketing policy will be to offer direct competition to existing "one-stop" supermarkets: *sustainable trading versus the unsustainable.*

Sources: *Blueprint for 50 Co-ops*, Roger Sawtell, 1983
Network of Wholefood Co-ops/NoW Consumer Standards Report, 1993
Customer Surveys, Daily Bread Co-ops
Family Expenditure Surveys, Central Statistical Office
What the Shopper Buys, Nielsen Grocery Service

Sample Price List

Breakfast Cereals

Bran Sticks	500g/£1.05 1kg/£1.95 4kg/£6.80	Crispy Muesli (44% Fruit & Nut)	500g/98p 1kg/£1.85 5kg/£7.95	Porridge Oats (organic)	1kg/89p 5kg/£4.05
Cornflakes (organic)	375g/£1.38 x12/£14.90	Unicorn Muesli (41% Fruit & Nut)	500g/72p 1kg/£1.25 5kg/£5.20	Porridge Oats	1kg/55p 5kg/£2.44
Malted Wheatflakes (organic)	3kg/£3.75	Nutty Crunch (malt sweetened)	500g/98p 1kg/£1.85 5kg/£7.95	Wheatflakes & Raisins (with cinnamon)	500g/85p 1kg/£1.61 5kg/£7.05

Pasta

(all whole wheat unless stated otherwise)
(all cases 10% off)

Spaghetti	500g/55p	Macaroni (organic)	500g/89p	Tagliatelle (organic)	500g/89p
Elbows	500g/53p	Shells (organic)	500g/89p	Tagliatelle (verdi, organic)	500g/80p
Shells	500g/53p	Twists (organic)	500g/89p	Lasagne (organic)	250g/82p 500g/£1.50p
Twists	500g/53p				
Spaghetti (organic)	500g/79p				

Olives / Greek Foods

(Drums to Order)

Olives, Loose (Net Drained Weight)

Green, stuffed	100g/35p
Green, Jumbo	100g/25p
Green, Cocktail	100g/18p
Black, Dry	100g/20p
Black, Sliced	100g/44p
Kalamata	100g/24p

Olives, Pre-Packed

Green, Jumbo	1lb/£1.15	Vine Leaves	227g/38p
Black, Jumbo	1lb/£1.15	Halva, Grape	100g/49p
Black, Dry	120g/62p	Black Olive Paté	180g/£1.57
Kalamata	1lb/£1.35	Capers	125g/£1.14
Kalamata (marinated)	370g/£1.08	Creamed Basil	130g/£1.39
Nyons (organic)	220g/£2.19	Tomato Paté (sundried)	180g/£1.82



The above extract from our Price List gives a flavour of *competitive pricing* we intend to achieve. To give an idea of the *range* of goods, our price list includes amongst its headings the following (as well as the above):

Biscuits, Bars & Savouries; Bread & Organic Veg; Dried Fruit; Flour; Flakes & Grains; Herbs & Spices; Household Goods; Juices & Mineral Water; Nuts; Oil; Pulses, Beans & Lentils; Spreads; Soya Products; Teas & Drinks.



NAME: _____

ADDRESS: _____

I/We would like to subscribe for Loanstock in Unicorn Grocery Limited on the conditions summarised overleaf.

AMOUNT OF LOANSTOCK: £ _____ (up to £2,000)

AT AN INTEREST RATE OF: _____ % p.a. (up to 7½% p.a.)

INTEREST PAYMENT TO BE BY: FURTHER HOLDING OF LOANSTOCK
CASH PAYMENT

(please indicate your choice, otherwise further holding of loanstock will be assumed)

I/We enclose a crossed cheque made payable to "Unicorn Grocery Limited".

signed

date

Please tick if you wish to be sent a copy of our full Business Plan

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Please return to: Unicorn Grocery Limited
24 Athol Road
Chorlton
MANCHESTER
M16 8QN



SUMMARY OF CONDITIONS OF ISSUE OF LOANSTOCK

- 1 Issue commences on 1st January 1996.
- 2 Issue is of loanstock up to £50,000.
- 3 Maximum investment by one individual is limited to £2,000.
- 4 Repayment in full is due on 1st January 2001.
- 5 Interest is chosen by lender at a rate up to 7½% p.a.
- 6 Interest is payable gross on 1st January each year as a further holding of loanstock or in cash
- 7 Redemption is possible, at the Co-op's discretion, given the following notice:

Amount redeemed	Notice
less than £250	1 week
between £250 and £500	1 month
more than £500	3 months
- 8 Repayment of loanstock is due in full immediately should the Conditions of Issue of Loanstock be breached or Unicorn Grocery be wound up, go into liquidation, or other such circumstance.
(Please note that the order of creditors is: legal charges, preferential creditors, floating charges, unsecured creditors (which category includes loanstock), trade creditors.)
- 9 Loanstock is non-transferable.
- 10 Holding loanstock confers no rights to attend meetings or participate in the management of Unicorn Grocery. However the Co-op intends to send an annual report and accounts to all loanstock holders.
- 11 Full Conditions will be issued with the Loanstock Certificates, but please ask if you would like a copy beforehand.

Unicorn Grocery Limited is registered as an Industrial & Provident Society in England & Wales (No.28242R)
Registered Office: 24 Athol Road, Manchester, M16 8QN