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## Confectionery company collapses under \$150,000 tax debt

Thursday, 07 March 2013 11:30  
 Yolanda Redrup

Family-owned Australian confectionery company Chocolate Fare has been placed in administration following a dispute with the Australian Tax Office over a \$150,000 bill.

The company's collapse comes as smaller players in the confectionery market have struggled to compete against larger companies with fatter profit margins.

Queensland-based Chocolate Fare distributed products throughout Australia and to Malaysia, Singapore and Brunei.

Worcester and Co lawyer Ekaterina Barabanova told *SmartCompany* she wasn't able to provide details on the administration, but confirmed the company was "unable to pay their debts and fell into administration".

The administration has since been passed onto Worrells Solvency and Forensic Accountants from Worcester and Co. Administrators Jason Bettles and Ivor Worrell have been appointed.

Bettles told *SmartCompany* the company ceased trading a few weeks ago.

The ATO remains one of the company's largest creditors and is owed about \$150,000, Bettles said, adding "it was this debt which likely caused the company to collapse".

The company has a total debt of \$670,000 and owes six employees \$64,000, predominantly in annual leave entitlements.

Bettles says the company is likely to be liquidated because "it doesn't look like the directors are going to put a deal to the creditors".

Chocolate Fare operated three main brands, The Rocky Rock Candy Co, Monique's Chocolates and Chocolate Fare.

One employee claimed to *SmartCompany* none of the 20 employees have lost their jobs so far. However, Bettles claimed the company has ceased trading.

An IBISWorld report into the chocolate and confectionery industry in Australia found the continued success of Australian lolly companies is based around consumer loyalty to the big brands, unaffected by the global financial crisis.

"The chocolate segment is highly concentrated and characterised by a small number of well-established brands. The Confectionery Manufacturers of Australasia reported that the top 10 selling brands accounted for approximately 70% of sales in 2008," the report says.

IBISWorld estimated the top four confectionery manufacturers in Australia accounted for around 90% of industry revenue.

"Although the industry has a number of small to medium-sized operators, the majority of its revenue is generated by the major players," the report says.

This has resulted in the industry having a **significantly smaller number of companies** than a decade ago.

"This concentration of ownership is a result of an increase in acquisitions and organic growth for the major players through continued product innovation, strong brand loyalty and aggressive marketing," the report says.

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