

26 April 2017

## TO CREDITORS

Dear Sir/Madam

**Cornerstone Investment Aust Pty Ltd (In Liquidation)**  
**Trading as Empower Institute**  
**ACN 082 383 640 ("the Company")**

Christian Sprowles and I were appointed as Joint and Several Liquidators of the Company on 26 April 2017. This is a creditors' voluntary winding up and I am required to convene a meeting of creditors within eleven days of my appointment.

Accordingly, I enclose the following:

1. Notice of Meeting of Creditors (form 529) to be held on **Friday, 5 May 2017 at 3:30pm at HoganSprowles, Level 9, 60 Pitt Street, Sydney NSW 2000.**
2. An informal proof of debt form
3. Instrument of proxy
4. Summary of Affairs of the company (Form 509)
5. List of creditors setting out their estimated claim amounts
6. Declaration of Independence / Relevant Relationships and Indemnities ("DIRRI")
7. Liquidator's Remuneration Report.

Please note that persons are not entitled to vote as a creditor at the meeting unless they have lodged with the Chairman of the meeting particulars of the debt they claim to be due to them from the Company.

Corporate creditors are required to appoint a natural person to vote on their behalf at the meeting of creditors. Proof of debt and Proxy Forms should be lodged with this office prior to the meeting. These forms may be lodged via facsimile on 02 9251 9777 or mailed to HoganSprowles, PO BOX R181, Royal Exchange Sydney NSW 1225, however, in accordance with Corporations Regulation 5.6.36A, the original signed copy of the Proxy Form must be lodged with my office within 72 hours of lodging the faxed copy. Should you have any queries in relation to the above, please do not hesitate to contact Angelo Cadiz of my office on (02) 8020 5856.

Yours faithfully

**Cornerstone Investment Aust Pty Ltd**



**Michael Hogan**  
Joint & Several Liquidator

**Level 9, 60 Pitt Street, Sydney NSW 2000 | PO Box R181, Royal Exchange NSW 1225**  
**Phone: 02 8020 5850 | Facsimile: 02 9251 9777 | [www.hogansprowles.com.au](http://www.hogansprowles.com.au)**

*Liability limited by a scheme approved under Professional Standards Legislation*



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

NOTICE OF MEETING OF  
CREDITORS OF COMPANY IN LIQUIDATION  
CORNERSTONE INVESTMENT AUST PTY LTD  
(IN LIQUIDATION)  
TRADING AS EMPOWER INSTITUTE  
A.C.N. 082 383 640 ("THE COMPANY")

Notice is given that a meeting of creditors of the company will be held at HoganSprowles,  
Level 9, 60 Pitt Street, Sydney NSW 2000, on **Friday, 5 May 2017 at 3:30pm.**

AGENDA

1. To receive a report as to affairs.
2. To consider removing the liquidator from office and appointing a replacement.
3. To approve remuneration of the Liquidator.
4. To consider the appointment of a committee of inspection.
5. To consider the early destruction of the books and records on deregistration of the company.
6. Any other general business.

An instrument of proxy and informal proof of debt form are enclosed.

Dated this 27 April 2017



**Michael Hogan**  
Joint & Several Liquidator

Telephone conference facilities will be available at the meeting. The telephone number to call is (02) 8077 0507 and the access code is 939227. Please inform our office if you are attending the meeting via telephone conference on (02) 8020 5850. Please note under Corporations Regulations 5.16.13A:

- a) A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the liquidator, not later than the second last working day before the day on which the meeting is to be held, written statement setting out:
  - (i) the name of the person and of the proxy or attorney (if any); and an address to which notices to the person, proxy or attorney may be sent; and
  - (ii) a telephone number at which the person, proxy or attorney may be contacted; and
  - (iii) any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

CORPORATIONS ACT 2001

INFORMAL PROOF OF DEBT FOR THE PURPOSE OF VOTING  
AT A MEETING OF CREDITORS

CORNERSTONE INVESTMENT AUST PTY LTD  
(IN LIQUIDATION)  
TRADING AS EMPOWER INTITUTE  
A.C.N. 082 383 640

NAME OF CREDITOR:

AMOUNT OF DEBT CLAIMED (SEE NOTE 1):

WHETHER DEBT SECURED OR UNSECURED:

If secured, give details of security including dates, etc.

---

---

Balance if any, after deducting value of security (SEE NOTE 2)

---

Signature (SEE NOTE 3): \_\_\_\_\_

Name of Signatory: \_\_\_\_\_

Address \_\_\_\_\_

Telephone Number \_\_\_\_\_

**NOTE 1:**

A creditor may not vote on any unliquidated or contingent debt or a debt the value of which is not ascertained.

**NOTE 2:**

A secured creditor shall be entitled to vote only in respect of liabilities, if any, after deducting the value of his security. If a secured creditor votes in respect of the whole debt, he may be deemed to have surrendered his security.

**NOTE 3:**

This Proof should be signed by a creditor or a person in the employ of the creditor duly authorised by that creditor to sign. If a creditor is a company, it should be signed by a person authorised under the Seal of the Company, to make a Proof of Debt on its behalf.

The Chairman of the Meeting may admit or reject a Proof of Debt for the purpose of voting at the Meeting

**FORM 532**

Regulation 5.6.29

*Corporations Act 2001*

**APPOINTMENT OF PROXY**

**CORNERSTONE INVESTMENT AUST PTY LTD  
(IN LIQUIDATION)  
TRADING AS EMPOWER INSTITUTE  
A.C.N. 082 383 640**

I/We (Note 1) \_\_\_\_\_

Of \_\_\_\_\_

A creditor of **CORNERSTONE INVESTMENT AUST PTY LTD (IN LIQUIDATION) TRADING AS  
EMPOWER INSTITUTE**

hereby appoint \_\_\_\_\_

\_\_\_\_\_  
*(name of proxy)(Note 2)*

Of \_\_\_\_\_

*(address of proxy)*

Or in his absence, \_\_\_\_\_

*(name of alternative proxy)*

Of \_\_\_\_\_

*(address of alternative proxy)*

As my/our special/general (Note 3) proxy to vote at the meeting of creditors to be held in the above matter on **Friday, 5 May 2017 at 3:30pm** or at any adjournment thereof.

- My general proxy to vote on all matters arising at the meeting (including the appointment of the proxy holder as a member of any Committee of Inspection)

OR

- My special proxy to vote on the following resolutions as specified below:

PLEASE TICK ONE BOX (ONLY) FOR EACH PROPOSED RESOLUTION

	For	Against	Abstain
To confirm the appointment of Michael Hogan and Christian Sprowles as Joint and Several Liquidators of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the remuneration of the Liquidator, as set out in the Liquidator's remuneration report, for the period 26 April 2017 to completion of the winding up, is charged in accordance with the applicable time costs of HoganSprowles as at 1 April 2017 (as amended from year to year, by a maximum of 10%) and be fixed at \$40,000 plus GST and that the Liquidator be authorised to make payment on account as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A resolution that a committee of inspection be appointed.			
To authorise the Joint and Several Liquidators to destroy the books and records of the Company within six (6) months after dissolution of the Company, subject to obtaining prior approval from the Australian Securities and Investments Commission.			

DATED this                      day of                      2017

Signature \_\_\_\_\_ (Note 4)

**CERTIFICATE OF WITNESS (NOTE 5)**

I,                                      of                                      , certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this                      day of                      2017

Signature of Witness \_\_\_\_\_

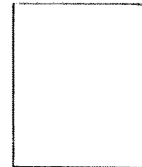
Description \_\_\_\_\_

Place of Residence \_\_\_\_\_

**NOTE:**

1. If a firm, strike our "I" and set out the full name of the firm.
2. Insert the name, address and description of the person appointed.
3. If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.
4. The signature of the creditor, contributory, debenture holder or member must not be attested by the person nominated as proxy.
5. This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

ASIC registered agent number 440736  
 lodging party or agent name HoganSprowles Pty Ltd  
 address Level, 9, 60 Pitt Street, Sydney NSW 2000  
 telephone (02) 8020 5850  
 facsimile (02) 9251 9777  
 DX number



Australian Securities and Investments Commission FORM 509

Presentation of Corporations Act 2001  
 SUMMARY OF AFFAIRS OF A COMPANY 497(2)(b)(i)

company name CORNERSTONE INVESTMENT AUST PTY LTD  
 A.C.N 082 383 640

SUMMARY OF ASSETS AND LIABILITIES

26/04/2017

date to which summary is made up (d/m/y)

	Valuation (show whether cost or net book amount) \$	Estimated Realisable Values \$
1 assets not specifically charged		
(a) interest in land	—	—
(b) sundry debtors	52,281	unknown
(c) cash on hand	100	100
(d) cash at bank	15,585	15,585
(e) stock as detailed in inventory	—	—
(f) work in progress as detailed in inventory	—	—
(g) plant and machinery as detailed in inventory	437,007	10,000
(h) other assets	315,946	286,746
2 assets subject to specific charges	—	—
less amounts owing	—	—
<b>TOTAL assets</b>	<b>820,919</b>	
<b>TOTAL estimated realisable values</b>		<b>312,431</b>
3 less preferential creditors entitled to priority over the holders of debentures under any floating charge		—
4 less amounts owing and secured by debenture or floating charge over company's assets		—
5 less preferential creditors		3,500
estimate amount available for unsecured creditors		3 08,931
6 creditors (unsecured) amount claimed		6560,628
7 balances owing to partly secured creditors		
total claims		—
security held		—
8 contingent assets		—
estimated to produce		—
9 contingent liabilities		
estimated to rank for		
estimated deficiency/surplus		(6251,697)
(subject to costs of administration/liquidation)		
share capital issued		12000
paid up		12,000

Name of person signing	JIN HEONG YANG	capacity	Director
Signature		date	27/04/2017

**Cornerstone Investment Aust Pty Ltd (In Liquidation)**

**A.C.N 082 383 640**

**Creditors List**

<b>Creditor</b>	<b>Address 1</b>	<b>Address 2</b>	<b>Amount</b>
Celox Group	78/330 Wattle Street	Ultimo NSW 2007	\$ 1,307.12
CSG	175 Pitt Street	Sydney NSW 2000	\$ 1,750.00
Energy Australia	GPO BOX 4009	Sydney NSW 2001	\$ 900.00
TPG Internet Pty Ltd			\$ 2,019.60
Websutra Technology Pty Ltd	Suite 2, Level 2, 182-184 Bourke Road	Alexandria NSW 2015	\$ 550.00
Whittens & McKeough Lawyers and Consultants	Level 5, 137-139 Bathurst Street	Sydney NSW 2000	Unknown
Xero Australia Pty Ltd			\$ 68.00
CI Austalia Pty Limited	Level 4, 35 Clarence Street	Sydney NSW 2000	\$ 642,033.47
Jin Heng Yang			\$ 1,457.53
Super			\$ 5,914,000.00
Department of Education	Matthew Garey	GPO BOX 2727 Sydney NSW 2001	
	c/- Australian Government Solicitor		
			<b>\$ 6,564,085.72</b>

## **DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**

### **CORNERSTONE INVESTMENT AUST PTY LTD (IN LIQUIDATION) ("THE COMPANY") ACN 082 383 640**

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - i the circumstances of the appointment;
  - ii any relationships with the Cornerstone Investments Aust Pty Ltd and others within the previous 24 months;
  - iii any prior professional services for the Cornerstone Investments Aust Pty Ltd within the previous 24 months;
  - iiii that there are no other relationships to declare; and
- C any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my partners and HoganSprowles.

#### **A. Independence**

We, Michael Hogan and Christian Sprowles of Hogan Sprowles have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Joint and Several Liquidators of Cornerstone Investments Aust Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. We are not aware of any reasons that would prevent us from accepting this appointment.

#### **B. Declaration of Relationships**

##### **i Circumstances of appointment**

This appointment was referred to Christian Sprowles by Justin Holzman from Holzman Associates. The reasons we believe that this referral does not result in a conflict of interest or duty are:

- Referral from business advisors including accountants are common place and do not impact on our independence in carrying out our duties as Liquidators of the Company;
- This is the first referral from this source in the last two years, the fees from which are not a significant percentage of our business and accordingly, we are by no means dependent on referrals from this source.

On Monday 10<sup>th</sup> April 2017, Christian Sprowles met with the director Jin Heung Yang, his advisor Justin Holzman and the Company solicitor Alistair McKeough to outline and explain the process involved for the appointment of a creditor's voluntary liquidation. This was the first time Christian Sprowles had met the director.



The Company director attended our office on 26 April 2017 to pass the various resolutions appointing Christian Sprowles and Michael Hogan as joint and several liquidators.

We did not receive any remuneration for the above.

In our opinion the meeting did not affect our independence for the following reasons:

The ARITA (formerly IPA) Code of Professional Practice and the Courts recognises the need for practitioners to provide advice on the insolvency process and the options available and we do not consider that such advice results in a conflict or is an impediment to accepting the appointment; and

The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the Liquidation; and

The nature of the pre-appointment advice provided to the Company will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Liquidation of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company or its Director prior to our appointment beyond that outlined in this DIRRI.

**i Relevant Relationships (excluding Professional Services to the Insolvent)**

Neither we, nor our firm, have any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

There are no other prior professional or personal relationships that should be disclosed.

**ii Prior Professional Services to the Insolvent**

Neither we, nor our Firm, have provided any professional services to the Company.

**iii No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property that should be disclosed.

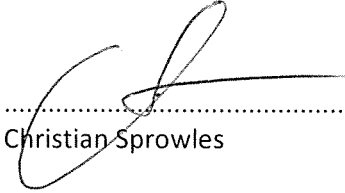
**C. Indemnities and up-front payments**

We have not been indemnified in relation to this liquidation, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 27 April 2017



.....  
Michael Hogan



.....  
Christian Spowles

Note:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act and the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

## REMUNERATION REPORT

### Part 1: Declaration

We, Michael Hogan and Christian Sprowles of HoganSprowles Pty Ltd, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of CORNERSTONE INVESTMENT AUST PTY LTD (IN LIQUIDATION) ("the Company") in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

### Part 2: Executive Summary

To date, no remuneration has been approved and paid in this Liquidation. This remuneration report details approval sought for the following fees:

Period – 27 April 2017 to Conclusion of Winding-up	Amount (ex GST)
Liquidation	\$40,000

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

### Part 3: Description of Work to be Completed

Task Area	General Description	Includes
Assets [20 hours] [\$5,535]	Stock	Reviewing outstanding debtors Collection of debtors work in progress
	Other Assets	Sale of property plant and equipment
	Assets subject to a specific charge	Reviewing leasing documents Liaising with lessors/owners Tasks associated with disclaiming leases
Creditors [42 hours] [\$10,050]	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members Dealing with employees Review employee entitlements
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend

Task Area	General Description	Includes
	Meeting of Creditors	<ul style="list-style-type: none"> <li>Preparation of meeting notices, proxies and advertisements</li> <li>Forward notice of meeting to all known creditors</li> <li>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> <li>Preparation and lodgement of minutes of meetings with ASIC</li> <li>Responding to stakeholder queries and questions immediately following meeting</li> </ul>
Investigation [53 hours] [\$12,960]	Conducting investigation	<ul style="list-style-type: none"> <li>Collection of company books and records</li> <li>Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report as to Affairs</li> <li>Reviewing company's books and records</li> <li>Review and preparation of company nature and history</li> <li>Conducting and summarising statutory searches</li> <li>Preparation of comparative financial statements</li> <li>Preparation of deficiency statement</li> <li>Review of specific transactions and liaising with directors regarding certain transactions</li> <li>Liaising with directors regarding certain transactions</li> <li>Preparation of investigation file</li> <li>Lodgement of investigation with the ASIC</li> <li>Preparation and lodgement of supplementary report if required</li> </ul>
	Litigation / Recoveries	<ul style="list-style-type: none"> <li>Internal meetings to discuss status of litigation</li> <li>Preparing brief to solicitors</li> <li>Liaising with solicitors regarding recovery actions</li> <li>Attending to negotiations</li> </ul>
	ASIC reporting	<ul style="list-style-type: none"> <li>Preparing statutory investigation reports</li> <li>Preparing affidavits seeking non lodgements assistance</li> <li>Liaising with ASIC</li> </ul>
Administration [43 hours] [\$11,565]	Correspondence	<ul style="list-style-type: none"> <li>With various stakeholders</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>First month, then six monthly administration review</li> <li>Filing of documents</li> <li>File reviews</li> <li>Updating checklists</li> </ul>

Task Area	General Description	Includes
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurer regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Preparing correspondence opening and closing accounts</li> <li>Requesting bank statements</li> <li>Bank account reconciliations</li> <li>Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms including 505, 524, 911, 5011 etc</li> <li>Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>Notification of appointment</li> <li>Preparing BAS'</li> <li>Completing group certificates</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>Notifying ATO of finalisation</li> <li>Cancelling ABN / GST / PAYG registration</li> <li>Completing checklists</li> <li>Finalising WIP</li> </ul>
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> <li>Dealing with records in storage</li> <li>Sending job files to storage</li> </ul>

#### Part 4: Calculation of Remuneration

See attached schedule setting out the Estimated Calculation of Remuneration for the period 26 April 2017 to conclusion of the liquidation.

See attached hourly rates currently utilised by HoganSproles Pty Ltd.

#### Part 5: Statement on Remuneration

At the forthcoming meeting of creditors to be held on Friday, 5 May 2017, creditors will be asked to approve the following resolution:

“That the remuneration of the Liquidator, as set out in the Liquidator’s remuneration report, for the period 27 April 2017 to completion of the winding up, is charged in accordance with the applicable time costs of HoganSproles as at 1 April 2017 (as amended from year to year, by a maximum of 10%) and be fixed at \$40,000 plus GST and disbursements and that the Liquidator be authorised to make payment on account as required.”

#### Part 6: Report on Liquidation

See attached Circular to Creditors dated 27 April 2017. Further information of this nature will be discussed at the forthcoming meeting of creditors and in future reports to be circulated to creditors in due course.

#### Part 7: Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional services disbursement is legal fees.
- Externally provided non-professional cost such as travel, accommodation and search fees – these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed cost. The recovery of these cost must be on a reasonable commercial basis.

I have undertaken a proper assessment of disbursements which may be claimed for the Company over the course of the Liquidation, in accordance with the law and applicable professional standards.

Disbursements	Rate (Excl GST)
Advertising	At Cost
Search fees	At Cost
Courier	At Cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At Cost

## **Part 8: Summary of Receipts and Payments**

There have been no receipts and payments in the liquidation as at 26 April 2017.

## **Queries**

Creditors have the right to request and obtain further information from the Liquidator.

## **Information Sheet**

Creditors may access the remuneration information sheet (ASIC Information Sheet 85 – Approving fees: a guide for creditors) at ASIC

[www.asic.gov.au](http://www.asic.gov.au)







Schedule of rates as @ 1 April 2017

Private & Confidential

*HoganSproles  
Rate \$/Hour  
(excluding GST)*

Partner	495
Director	445
Senior Manager	390
Manager	350
Supervisor	330
Senior Analyst 1	290
Senior Analyst 2	280
Analyst 1	240
Analyst 2	180
Graduate	165
Undergraduate	150
Senior Bookkeeper	150
Bookkeeper	140
PA	120
Administration	95