



**THE INSOLVENCY PRACTITIONERS ASSOCIATION**  
**CERTIFICATE OF PROFICIENCY IN PERSONAL INSOLVENCY**  
**SYLLABUS**  
**SCOTLAND**  
**September 2016 EDITION**

## **Syllabus Guidance**

The Certificate of Proficiency in Personal Insolvency (CPPI) is an intermediate insolvency qualification focusing primarily on personal insolvency. The aim of the exam is to equip candidates with a sound knowledge of insolvency law and practice enabling them to work effectively in insolvency and to provide a basis for obtaining further qualifications such as JIE. Candidates will be required to demonstrate a solid understanding of insolvency law and practice.

The syllabus covers statutory and non-statutory personal insolvency procedures in Scotland. There is a separate syllabus for England and Wales.

## **Structure of the examination**

The exam comprises a single three hour examination held twice a year in June and December. Part A comprises 10 x 1 mark multiple choice questions, Part B comprises 5 x 2 mark and 5 x 4 mark short form questions, Part C comprises 2 x 15 mark (computational and essay style) questions and Part D comprises 3 x 15 mark (computational and essay style) questions of which two must be answered.

The exam covers personal insolvency based on legislation and practice in force as at the 1<sup>st</sup> January of the year in which the exam is sat. The exam also covers regulation, ethics, SIPs and other guidance which accounts for approximately 20% of the marks.

The required study for the exam will vary depending on the candidate's level of knowledge and experience.

Candidates will be required to score not less than 50% to achieve a pass. High scoring candidates may be awarded a merit or a distinction.

## **Applying to sit the examination**

Potential candidates may apply to sit the exam through the IPA via the IPA's website at:

<http://www.insolvency-practitioners.org.uk/>

or direct to the IPA at the following address:

Insolvency Practitioners Association

Valiant House

4-10 Heneage Lane

London

EC3A 5DQ

## **IPA Office Hours**

Monday – Friday 9.00am -5.00pm

## **IPA Numbers**

T: 020 7623 5108

F: 020 7623 5127

## **Certificate of Proficiency in Corporate Insolvency (CPCI) and Certificate of Proficiency in Insolvency (CPI)**

Candidates may opt for one of the CPPI sister exams if they wish to primarily focus on either corporate insolvency (CPCI) or take the CPI which covers both corporate and personal insolvency. These exams are set at the same standard as the CPPI and will share some questions. All papers will be sat on the same dates.

The syllabi for the CPPI and CPCI are set out separately and although they largely duplicate the personal or corporate elements (as appropriate) of the CPI syllabus, candidates can expect the examiner to test knowledge of the range of corporate or personal insolvency solutions, including advisory aspects, in more depth than the generalist CPI exam. For example in the case of the personal insolvency paper (CPPI) there will be more weight given to non-statutory solutions e.g. debt management plans and in the case of the corporate insolvency paper (CPCI), candidates can expect more weight to be given to pre-appointment advisory options.

The specialist papers will both include regulation, ethics, SIPs and other guidance which will account for approximately 20% of the available marks.

Candidates who are successful in both the CPCI and CPPI papers will be awarded an automatic CPI pass. Both papers must be passed within a period of five years for this to apply.

## **The Certificate of Proficiency in Personal Insolvency - syllabus**

### **Matters relating to insolvency procedures generally**

1. Demonstrate an awareness of the Statements of Insolvency Practice (SIPs), The Ethics Code, Money Laundering Regulations 2007, Guidance Papers and Technical Bulletins.
2. Demonstrate an awareness of the legislation and other regulations relevant to insolvency including: Bankruptcy (Scotland) Act 1985 (as amended), Bankruptcy (Scotland) Regulations 2008 (as amended), Bankruptcy (Scotland) Act 1985 (low Income Low Assets) Regulations 2008, The Bankruptcy (Certificate for Sequestration) (Scotland) Regulations 2008, Protected Trust Deed (Scotland) Regulations 2013, Debt Arrangement and Attachment (Scotland) Act 2002 (as amended), Debt Arrangement and Attachment (Scotland) Regulations 2011 (as amended), EU Regulations.
3. State the requirements to be fulfilled for an individual to act as an Insolvency Practitioner (qualifications and licensing).
4. Demonstrate an ability to provide best advice to debtors re the range of insolvency options available to individuals, partnerships and other entities, given a particular set of circumstances, including the advantages and disadvantages of each option recommended.
5. Explain how office holders' remuneration is authorised and the different bases of calculation.
6. State the requirements for an IP to maintain a Statutory Record and Sederunt Book.
7. Demonstrate an understanding of the need to maintain a diary system for statutory returns.
8. State the classes of assets that arise and describe the characteristics of each.
9. Explain the purpose of bonding and how the amount of the bond is calculated.
10. Demonstrate an awareness of the office holder's duty to investigate and/or recover assets.
11. Explain the challengeable transaction provisions and how they may be applied in particular circumstances.
12. Demonstrate an awareness of potential tax/VAT liabilities on bank interest received and sales of assets.
13. Demonstrate an awareness of basic financial accounting procedures including: maintaining a cash book, preparations of bank reconciliations, analysis of receipts and payments accounts, preparation of receipts and payments accounts.
14. Understand what books and records should be collected from the insolvent individual or entity and why and explain the rights of office holders to such records.
15. Demonstrate knowledge of documents including leases, standard securities, other charges, HP and leasing agreements, ledgers, day books and cash books.
16. Understand the voting rights of creditors and the rules relating to mandates.
17. Demonstrate an understanding of the process for adjudication of creditors' claims and the rules of priority.
18. Demonstrate an awareness of how to calculate dividends, produce a Scheme of Division and final receipts and payments accounts.
19. Understand how to deal with unclaimed dividends.

20. Consideration of the immediate steps to be taken on appointment (excluding strategic planning and trading on but including: checking on and taking out insurance, instructing agents, landlords, hypothec and diligence, public services, HP/leasing, obtaining legal advice where necessary, retention of title.
21. Understand the rights of employees including ERA claims and preferential and unsecured additional claims.
22. Show how an ERA claim is calculated, how such claims are distributed and fees calculated.
23. Explain what returns are required to be completed for government departments: HM Revenue and Customs and Department for Work and Pensions.

### **Matters relating to personal insolvency**

24. Differentiate between the different types of personal insolvency solutions including statutory and non-statutory types (including informal arrangements with creditors, mortgage and re-mortgage, debt management plans, Debt Payment Plans under DAS, Mortgage to Rent and Mortgage to Shared Equity, sequestration and protected trust deeds).
25. State the definition of when an insolvent individual is apparently insolvent.
26. Identify the classes of creditors and their respective positions.
27. Explain the procedures for the admission and rejection of claims and the process to be followed by the office holder when declaring and paying a dividend.
28. Understand the role of not for profit and charity based solution providers.
29. Calculate figures to be included in the statement of affairs, income and expenditure statement, Scheme of Division and estimated outcome statement.

### **Sequestration**

30. Explain the procedures for obtaining an award of sequestration, who may present a petition or application and on what grounds.
31. State the effects of an award of sequestration being made including the restrictions of sequestration.
32. Understand the respective positions and functions of the Interim Trustee, Trustee (original and replacement) and Accountant in Bankruptcy.
33. State the powers and duties of the Interim Trustee and Trustee and when sanction would be required, from whom and how such sanction is obtained.
34. State the obligations of the Trustee with respect to creditors' meetings, statutory notices, advertisements and filing requirements.
35. Define what assets form part of the sequestrated estate.
36. State the definition of a family home.
37. Explain how the equity in a property will be determined.
38. Understand what options are available to the Trustee in respect of the equity, for example, buy-out of a Trustee's interest, s39A Agreement, voluntary sale, an action for possession, an action for division and sale.
39. Explain in what circumstances the equity will re-vest in the debtor.

40. State how a minimal equity property would be treated.
41. Explain what the effect of sequestration is on a trading individual and how the business and assets will be dealt with by the Trustee.
42. Understand the effects of a debtor acquiring and disposing of assets after the commencement of sequestration.
43. Understand the process for appointment and the powers and duties of any commissioners.
44. State which claims do not rank in sequestration.
45. Explain how claims may need to be dealt with where there are joint and several estates.
46. Describe the effect of and the processes involved in obtaining discharge and explain how the Trustee may prevent the debtor from being discharged automatically.
47. Describe on what grounds a sequestration may be recalled and what the effects of recall will be.
48. Demonstrate an understanding of debtor offences and explain what a bankruptcy restriction order and bankruptcy restriction undertaking are.
49. Understand the process of private and public examinations.
50. State the duration of sequestration.
51. How may a sequestration be completed and the Trustee discharged?

### **Protected Trust Deeds**

52. Describe the advice that a debtor must receive before signing a trust deed.
53. Understand the role of the Trustee.
54. State the powers and duties of the Trustee.
55. List the contents and requirements of a trust deed and how it works. Set out the requirements and procedure for obtaining protected status of the trust deed.
56. State the effect of protection on all stakeholders.
57. Explain how the debtor's dwelling house or family home may be treated.
58. Describe how contributions from income may be dealt with and demonstrate an ability to compile an income and expenditure statement.
59. Prepare a sequestration versus protected trust deed comparison statement.
60. Explain the provision for inclusion of third party contributions, the treatment of other assets and asset exclusion provisions.
61. Understand the rights of creditors to challenge.
62. Understand the voting rights of creditors and the positions of secured and unsecured creditors including associated creditors.
63. Explain what steps the Trustee should take where an individual is trading and how the business and assets may be treated in the protected trust deed.
64. State the obligations of the Trustee with regards to annual reports.
65. Explain the treatment of associated creditor claims within the protected trust deed.
66. Understand how the debtor may be in default and the effect of non-co-operation.
67. Explain how the protected trust deed terms may be varied.
68. Understand how the protected trust deed may be completed and the effect of completion.
69. Explain how joint and separate estate creditors' claims are handled.

## **Partnerships**

70. Understand how a partnership in Scotland operates and describe the principal of joint and several liability.
71. State how apparent insolvency is constituted for a partnership and individual partners.
72. Explain the procedures for obtaining an award of sequestration against a partnership and its partners, who may present a petition or application and on what grounds.
73. Define what assets form part of each sequestrated estate.
74. Explain how claims must be dealt with where there are joint and several estates.
75. Demonstrate the ability to adjudicate claims against the partnership and the individual partners.
76. Prepare partnership and partners' Statement of Affairs, Receipts and Payments, Adjudication of Claims and Schemes of Division.

## **Non-Statutory Debt Solutions**

77. Demonstrate an awareness of the Debt Arrangement Scheme, how it operates and how it differs to a formal insolvency process.
78. Describe the Mortgage to Rent Scheme and how it may be used by a debtor and a Trustee.
79. Describe the Mortgage to Shared Equity Scheme and how it may be used by a debtor only.

## **Debt Management Plans**

80. Describe the main characteristics of a debt management plan and explain how a debt management plan differs from a protected trust deed and an informal arrangement with creditors.
81. State the main advantages and disadvantages of a debt management plan for both the debtor and the creditors.
82. Explain in what circumstances a debtor might be advised that a debt management plan was the most appropriate solution.
83. Demonstrate an awareness of the Debt Management Protocol.