



THE INSOLVENCY PRACTITIONERS ASSOCIATION
CERTIFICATE OF PROFICIENCY IN INSOLVENCY SYLLABUS
SCOTLAND
SEPTEMBER 2016 EDITION

Syllabus Guidance

The Certificate of Proficiency in Insolvency (CPI) is an intermediate insolvency qualification covering both personal and corporate 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 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 and corporate insolvency based on legislation and practice in force as at the 1st January of the year in which the exam is sat with an equal emphasis on corporate and personal insolvency. 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 Personal Insolvency (CPPI) and Certificate of Proficiency in Corporate Insolvency (CPCI)

Candidates may opt for one of the CPI sister exams if they wish to primarily focus on either corporate or personal insolvency. These exams are set at the same standard as the CPI 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 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 rules relevant to insolvency including: Insolvency Act 1986 (as amended), Insolvency (Scotland) Rules 1986 (as amended), Bankruptcy (Scotland) Act 1985 (as amended), Company Directors Disqualification Act 1986, Insolvent Companies (Reports on Conduct of Directors) (Scotland) Rules 1986, Insolvency Practitioners Regulations 2005, Limited Liability Partnerships Act 2000, Limited Liability Partnerships Regulations 2001 (as amended), EU Regulations, Companies Act 2006 in relation to directors' duties and company meetings, 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).
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, directors and shareholders/members re the range of insolvency options available to individuals and companies 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, maintaining separate accounts for fixed and floating charge monies, 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 entity and why and explain the rights of office holders to such records.

15. Demonstrate knowledge of documents including leases, securities, floating charges, 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 and proxies.
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 schemes 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, hypotech 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. Explain how a sequestration may 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.

Non-Statutory Debt Solutions

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

Debt Management Plans

73. 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.
74. State the main advantages and disadvantages of a debt management plan for both the debtor and the creditors.
75. Explain in what circumstances a debtor might be advised that a debt management plan was the most appropriate solution.
76. Demonstrate an awareness of the Debt Management Protocol.

Matters relating to corporate insolvency

77. Identify when a company or limited liability partnership is insolvent.
78. Demonstrate an understanding of the advice to be given to directors and/or shareholders / members in contemplation of entering an insolvency process and the matters to be taken into account.
79. Demonstrate an ability to provide advice to directors in the hiatus period leading up to an insolvency process.
80. Differentiate between the different corporate insolvency solutions including administration, receivership, creditors' voluntary liquidation, members' voluntary liquidation, court liquidation and company voluntary arrangement.
81. Explain the difference between solvent and insolvent liquidations.
82. Identify the classes of creditors and their respective positions.
83. Define RoT and explain the steps to be taken by the office holder in respect of such claims.

84. Understand the obligations of office holders to report and file returns with Companies House and the Accountant in Bankruptcy.
85. Understand the obligations of office holders to report under the Company Directors Disqualification Act.
86. Demonstrate an awareness of the procedures available to assist the office holder in collecting debts.
87. Calculate figures to be included in the statement of affairs, deficiency account, calculation of the Prescribed Part and estimated outcome statements.

Administrations

88. Describe the role of the administrator and his powers and duties.
89. State the purposes/objectives of administration.
90. Explain what the moratorium is.
91. Understand the steps to be taken to place a company into administration.
92. Explain in what circumstances an administrator would consider continuing to trade.
93. Describe the obligations of the administrator with regard to drafting proposals, convening meetings of creditors, reporting requirements and filing returns.
94. State how a committee of creditors may be formed, how it operates and its functions.
95. Identify challengeable transactions which apply to administrations and explain what powers the administrator has to challenge such transactions.
96. Explain the rights of different classes of creditors in administration including approval of the proposals and remuneration.
97. Understand how distributions may be made in an administration.
98. Understand the general power of the court over the conduct of the whole administration procedure.
99. Understand the time limits on administrations, how to bring an administration to a close, the duties of the administrator on closure, discharge, release and the different exit routes available.
100. Explain what a pre-pack sale is and understand the requirements imposed by SIP 16.

Company Voluntary Arrangements (CVA)

101. Explain the role of the nominee and supervisor.
102. State the powers and duties of the nominee and supervisor.
103. State the contents of the proposal and explain who prepares it. State the obligations imposed by SIP 3B (Scotland).
104. Explain the rules and process for convening a creditors' meeting to consider a company's proposal and the documents to be provided to creditors including the nominee's comments.
105. Demonstrate an ability to compile a liquidation versus arrangement comparison statement.
106. State the majorities required for the arrangement to be approved and the effects of approval.

107. Explain how creditors may modify the arrangement and the rights of creditors to challenge the outcome of the meeting.
108. Describe the obligations of the supervisor with regard to: progress reports and filing of returns, admission and rejection of creditor's claims and distributions.
109. Describe the circumstances in which the arrangement may fail, the effect of failure and the steps the supervisor should take on failure of the arrangement.
110. Explain the process for completion.

Creditors' voluntary liquidation

111. Describe the steps to be taken to place the company into creditors' voluntary liquidation.
112. State what information is required to be presented to the s98 meeting of creditors.
113. Understand the requirements relating to the meeting of creditors, information to be provided, advertisements and time scales.
114. Understand the obligations of the liquidator with regard to reports and filing returns.
115. Describe the powers and duties of the liquidator.
116. State how a liquidation committee may be formed, how it operates and its functions.
117. Demonstrate knowledge of wrongful trading and other challengeable transactions which apply to liquidations.
118. Explain the restrictions imposed by s216 IA re the re-use of the company name.
119. State the procedures to be followed in respect of the admission and rejection of creditor's claims and the payment of a dividend.
120. Describe the procedure for closure of the liquidation and release of the liquidator.

Members' voluntary liquidation

121. Explain the steps to be followed to place the company into members' voluntary liquidation including the declaration of solvency and other formalities.
122. Understand the obligations of the liquidator with regard to reports and filing returns.
123. Understand how assets may be distributed including distributions in-specie.
124. Explain what steps the liquidator must take should the company turn out to be insolvent.
125. Describe the procedure for closure of the liquidation and release of the liquidator.

Court liquidation

126. Describe the process for placing a company into court liquidation including: the petitioning party and substitution, the effect of the petition and the effects of the winding up order.
127. Explain how and when a provisional liquidator or a special manager may be appointed.

128. Understand the respective positions, functions and duties of a provisional liquidator, an interim liquidator and a liquidator.
129. Understand the obligations of the interim liquidator and the liquidator with regard to reports, meetings and filing returns.
130. State what powers the liquidator has to enforce co-operation from parties affected by the liquidation.
131. State how a liquidation committee may be formed, how it operates and its functions.
132. Describe the challengeable transactions (including re-use of company name under s216 IA) and the powers of the liquidator to challenge them.
133. State how a court liquidation may be closed.

Insolvent liquidations generally

134. Explain the effects of liquidation.
135. State the provisions of the Bankruptcy (Scotland) Act 1985 which apply to corporate insolvency.
136. Understand the application of accounting periods and how these may be shortened or extended.
137. Describe the timetable and process for the fixing and drawing of remuneration, the admission of and adjudication on claims and the payment of dividends.
138. Explain the provisions for early dissolution, when this may be appropriate and the process involved.
139. Describe the steps required to move from administration to CVL or to court liquidation.
140. Explain the relationship between a receiver and a liquidator of the same company and their different powers and duties.
141. Understand the provisions for the removal, resignation and replacement of a liquidator.

Receivership

142. Explain the purposes and effects of receivership.
143. State who has the power to appoint a receiver.
144. Describe the process for the appointment of a receiver.
145. Describe the on-going obligations of a receiver with respect to meetings of creditors, reports and filing.
146. State the criteria for completion of a receivership and describe the process of completion.