



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

## **Syllabus Guidance**

The Certificate of Proficiency in Corporate Insolvency (CPCI) is an intermediate insolvency qualification focusing primarily on 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 as it relates to corporate insolvency.

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 corporate 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 Insolvency (CPI) and Certificate of Proficiency in Personal Insolvency (CPPI)**

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

The syllabi for the CPI, CPPI and CPCI are set out separately. Although the CPPI and CPCI syllabi 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 in the CPPI and CPCI exams than in the more generalist CPI exam. For example 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, CPPI and CPCI 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 Corporate 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), 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 / resolutions, Bankruptcy (Scotland) Act 1985 as applied to corporate insolvency.
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 directors and shareholders / members re the range of insolvency options available to companies and limited liability partnerships, 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 antecedent 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 office holders' rights to such records.
15. Demonstrate knowledge of documents including leases, 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 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 distribution statements 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, distress and execution, public services, HP/leasing, obtaining legal advice where necessary.
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 corporate insolvency**

24. Identify when a company or limited liability partnership is insolvent.
25. Demonstrate an understanding of the advice to be given to companies and/or shareholders / members in contemplation of entering an insolvency process and the matters to be taken into account.
26. Differentiate between the different corporate insolvency solutions including administration, receivership, creditors' voluntary liquidation, members' voluntary liquidation, court liquidation and company voluntary arrangement.
27. Demonstrate an awareness of the differences between a limited liability partnership and other partnerships.
28. Demonstrate an ability to provide advice to directors re the hiatus period leading up to an insolvency process.
29. Explain the difference between solvent and insolvent liquidations.
30. Identify the classes of creditors and their respective positions.
31. Define RoT and explain the steps to be taken by the office holder in respect of such claims.
32. Understand the obligations of office holders to report and file returns with Companies House and the Accountant in Bankruptcy.
33. Understand the obligations of office holders to report under the Company Directors Disqualification Act.
34. Demonstrate an awareness of the procedures available to assist the office holder in collecting debts.
35. Calculate figures to be included in the statement of affairs, deficiency account, calculation of the Prescribed Part and estimated outcome statements.

### **Administrations**

36. Describe the role of the administrator, his powers and duties.
37. State the purposes/objectives of administration.

38. Explain what the moratorium is.
39. Understand the steps to be taken to place a company into administration.
40. Explain in what circumstances an administrator would consider continuing to trade.
41. Describe the obligations of the administrator with regard to drafting proposals, convening meetings of creditors, reporting requirements and filing returns.
42. State how a committee of creditors may be formed, how it operates and its functions.
43. Identify antecedent transactions which apply to administrations and explain what powers the administrator has to challenge such transactions.
44. Explain the rights of different classes of creditors in administration including approval of the proposals and remuneration.
45. Understand how distributions may be made in an administration.
46. Understand the general power of the court over the conduct of the whole administration procedure.
47. 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.
48. Explain what a pre-pack sale is and understand the requirements imposed by SIP 16.

### **Company Voluntary Arrangements**

49. Explain the role of the nominee and supervisor.
50. State the powers and duties of the nominee and supervisor.
51. State the contents of the proposal and explain who prepares it. State the obligations imposed by SIP 3B (Scotland).
52. 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.
53. Demonstrate an ability to compile a liquidation versus arrangement comparison statement.
54. State the majorities required for the arrangement to be approved and the effects of approval.
55. Explain how creditors may modify the arrangement and the rights of creditors to challenge the outcome of the meeting.
56. Describe the obligations of the supervisor with regard to: progress reports and filing of returns, admission and rejection of creditor's claims and distributions.
57. 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.
58. Explain the process for completion.

### **Creditors' voluntary liquidation**

59. Describe the steps to be taken to place the company into creditors' voluntary liquidation.
60. State what information is required to be presented to the s98 meeting of creditors.

61. Understand the requirements relating to the meeting of creditors, information to be provided, advertisements and time scales.
62. Understand the obligations of the liquidator with regard to reports and filing returns.
63. Describe the powers and duties of the liquidator.
64. State how a liquidation committee may be formed, how it operates and its functions.
65. Demonstrate knowledge of wrongful trading and other antecedent transactions which apply to liquidations.
66. Explain the restrictions imposed by s216 IA re the re-use of the company name.
67. State the procedures to be followed in respect of the admission and rejection of creditor's claims and the payment of a dividend.
68. Describe the procedure for closure of the liquidation and release of the liquidator.

### **Members' voluntary liquidation**

69. Explain the steps to be followed to place the company into members' voluntary liquidation including the declaration of solvency and other formalities.
70. Understand the obligations of the liquidator with regard to reports and filing returns.
71. Understand how assets may be distributed including distributions in-specie.
72. Explain what steps the liquidator must take should the company turn out to be insolvent.

### **Court liquidation**

73. Describe the process for placing a company into court liquidation including the petitioning creditor and substitution, the effect of the petition and the effect of the winding up order.
74. Explain how and when a provisional liquidator or a special manager may be appointed.
75. Understand the respective positions, functions and duties of a provisional liquidator, an interim liquidator and a liquidator.
76. Understand the obligations of the interim liquidator and the liquidator with regard to reports, meetings and filing returns.
77. State what powers the liquidator has to enforce co-operation from parties affected by the liquidation.
78. State how a liquidation committee may be formed, how it operates and its functions.
79. Describe the voidable transactions (including re-use of company name under s216 IA) and the powers of the liquidator to challenge them.
80. State how a court liquidation may be closed.

### **Insolvent liquidations generally**

81. Explain the effects of liquidation.
82. State the provisions of the Bankruptcy (Scotland) Act 1985 which apply to corporate insolvency.
83. Understand the application of accounting periods and how these may be shortened or extended.
84. Describe the timetable and process for the fixing and drawing of remuneration, the admission of and adjudication on claims and the payment of dividends.

85. Explain the provisions for early dissolution, when this may be appropriate and the process involved.
86. Describe the options for liquidation following administration and the processes involved.
87. Explain the relationship between a receiver and a liquidator of the same company and their respective powers and duties.
88. Understand the provisions for the removal, resignation and replacement of a liquidator.

### **Receivership**

89. Explain the purposes and effects of receivership.
90. State who has the power to appoint a receiver.
91. Describe the process for the appointment of a receiver.
92. Describe the on-going obligations of a receiver with respect to meetings of creditors, reports and filing.
93. State the criteria for completion of a receivership and describe the process of completion.