



**THE INSOLVENCY PRACTITIONERS ASSOCIATION**  
**CERTIFICATE OF PROFICIENCY IN INSOLVENCY SYLLABUS**  
**SEPTEMBER 2017 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 and a small element of non-statutory insolvency procedures in England and Wales. There is a separate Scottish syllabus.

## **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 1<sup>st</sup> 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 eg. 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 (England & Wales) Company Directors Disqualification Act 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, Insolvent Partnership Order 1994, Law of Property Act 1925, 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 and directors re the range of insolvency options available to individuals, partnerships 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.
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 a knowledge of how and when the ISA account is used including the calculation of Secretary of State fees and other charges.
13. Demonstrate an awareness of potential tax/VAT liabilities on bank interest received and sales of assets.
14. 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.
15. Understand what books and records should be collected from the insolvent entity and why, and explain the office holders' right to such records.
16. Demonstrate a knowledge of documents including leases, debentures, other charges, HP and leasing agreements, ledgers, day books and cash books.
17. Understand the voting rights of creditors and the rules relating to proxies.
18. Demonstrate an understanding of the process for adjudication of creditors' claims and the rules of priority.

19. Demonstrate an awareness of how to calculate dividends, produce distribution statements and final receipts and payments accounts.
20. Understand how to deal with unclaimed dividends.
21. Consideration of the immediate steps to be taken on appointment including: checking on and taking out insurance; instructing agents; landlords; distress and execution; public services; HP/leasing; obtaining legal advice where necessary; disclaimer of onerous contracts.
22. Understand the rights of employees including ERA claims and preferential and unsecured additional claims.
23. Show how an ERA claim is calculated, how such claims are distributed and fees calculated.
24. Explain what returns are required to be completed for government departments: HM Revenue and Customs and the Department for Work and Pensions.

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

25. 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 relief orders, county court administration orders, bankruptcy and individual voluntary arrangements).
26. State the definition of an insolvent individual.
27. Identify the classes of creditors and their respective positions.
28. 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.
29. Understand the role of not for profit and charity based solution providers.
30. Calculate figures to be included in the estimated outcome statement and statement of affairs.

### **Bankruptcy**

30. Explain the procedures for the making of a bankruptcy order – who may present a bankruptcy petition and on what grounds.
31. State the effects of a bankruptcy order being made including the disabilities of bankruptcy.
32. Understand the respective positions and functions of the Trustee and Official Receiver.
33. State the powers and duties of the 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 statutory notices, advertisements and filing requirements.
35. Define what assets form part of the bankruptcy estate.
36. State the definition of a family home property.
37. Explain how the beneficial interest in a family home property will be determined.
38. Understand what options are available to the Trustee in respect of the beneficial interest, for example, buy-out of a Trustee's interest, voluntary sale, an order for sale and possession, a charging order.

39. Explain in what circumstances the beneficial interest will re-vest in the debtor.
40. State how a low equity property (less than £1,000) would be treated.
41. Explain what the effect of bankruptcy 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 disposing of assets after the bankruptcy petition.
43. Understand the process for constitution and the powers and duties of the creditors' committee.
44. State which claims are not provable in a bankruptcy.
45. Explain why claims may need to be marshalled 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.
47. Describe on what grounds a bankruptcy may be annulled and what the effects of annulment will be.
48. Demonstrate an understanding of bankruptcy 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 bankruptcy.
51. Understand the requirements regarding annual progress reports.
52. Describe how a bankruptcy may be completed.

### **Individual voluntary arrangement**

53. Understand the roles of the nominee and supervisor.
54. State the powers and duties of the nominee and supervisor.
55. Describe the contents of the proposal.
56. Understand why protocol compliant IVAs were introduced.
57. Understand what a protocol compliant IVA is and explain in what circumstances the protocol will not apply.
58. Demonstrate a working knowledge of both R3 and protocol standard terms and conditions.
59. Explain how the matrimonial home may be treated within both protocol and non-protocol based proposals.
60. Describe how contributions from income may be dealt with in both protocol and non-protocol based proposals.
61. Demonstrate an ability to compile an income and expenditure statement.
62. Prepare a bankruptcy versus voluntary arrangement comparison statement.
63. Explain the provision for inclusion of third party contributions, the treatment of other assets and asset exclusion provisions.
64. Explain the procedures for obtaining an interim order and what the effects of obtaining an interim order will be.
65. Explain the rules and process for convening a creditors' meeting to consider a debtor's proposal and the documents to be provided to creditors including the nominee's comments.

66. Understand how creditors may seek to modify the proposal and the rights of creditors to challenge.
67. Understand the voting rights of creditors and the positions of secured and unsecured creditors including associated creditors.
68. State the effects of the approval of the voluntary arrangement.
69. Explain how the IVA process may differ where an individual is trading and how the business and assets may be treated in the IVA.
70. State the obligations of the supervisor with regards to annual progress reports.
71. Explain the treatment of associated creditor claims within the IVA proposals.
72. Understand how the debtor may be in default and the effect of failure of the arrangement.
73. Explain how the arrangement may be varied.
74. Understand how the arrangement may be completed and the effect of completion.
75. Demonstrate an understanding of how individual estates are managed where interlocking arrangements are proposed to deal with partnership liabilities. Explain how joint and separate estate creditors' claims are handled.

### **Debt management plan**

76. Describe the main characteristics of a debt management plan and explain how a debt management plan differs from a voluntary arrangement and an informal arrangement with creditors.
77. State the main advantages and disadvantages of a debt management plan for both the debtor and the creditors.
78. Explain in what circumstances a debtor might be advised that a debt management plan was the most appropriate solution.
79. Demonstrate an awareness of the Debt Management Protocol.

### **Debt relief order**

80. Explain what a debt relief order is, who will be eligible for a debt relief order and the effects on the debtor and creditors.
81. Explain how a debt relief order is obtained through an authorised intermediary and the administration by the Insolvency Service.

### **County court administration order**

82. Describe the main characteristics of a county court administration order.

### **Matters relating to corporate insolvency**

83. Identify when a company or partnership (including limited liability partnerships) is insolvent.
84. Differentiate between the different corporate insolvency solutions including administration, administrative receivership, creditors' voluntary liquidation, members' voluntary liquidation, compulsory liquidation, company voluntary arrangements, partnership voluntary arrangements and partnership administration orders.
85. Demonstrate an awareness of the differences between a limited liability partnership and other partnerships.
86. Explain the difference between solvent and insolvent liquidations.
87. Demonstrate an ability to provide advice to directors in the hiatus period leading up to an insolvency process.
88. Identify the classes of creditors and their respective positions.
89. Define RoT and explain the steps to be taken by the office holder in respect of such claims.
90. Understand the obligations of office holders to report and file returns with Companies House.
91. Understand the obligations of office holders to report under the Company Directors Disqualification Act.
92. Demonstrate an awareness of the procedures available to assist the office holder in collecting debts.
93. Calculate figures to be included in the statement of affairs, deficiency account, calculation of the Prescribed Part, estimated outcome statements.

### **Administration**

94. Describe the role of the administrator – his powers and duties.
95. State the purposes/objectives of administration.
96. Explain what the moratorium is.
97. Understand the steps to be taken to place a company into administration.
98. Explain in what circumstances an administrator would consider continuing to trade.
99. Describe the obligations of the administrator with regard to drafting proposals, convening meetings of creditors, reporting requirements and filing returns.
100. Identify antecedent transactions which apply to administrations and explain what powers the administrator has to challenge such transactions.
101. Explain the rights of different classes of creditors in administration including approval of the proposals and remuneration.
102. Understand how distributions may be made in an administration.
103. Understand the general power of the court over the conduct of the whole administration procedure.
104. 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.
105. Explain what a pre-pack sale is and understand the requirements imposed by SIP 16.



### **Company and partnership voluntary arrangements**

106. Explain the role of the nominee and supervisor.
107. State the powers and duties of the nominee and supervisor.
108. State the contents of the proposal and explain who prepares it. State the obligations imposed by SIP 3.
109. Explain the rules and process for convening a creditors' meeting to consider a company's or partnership's proposal, the documents to be provided to creditors including the nominee's comments.
110. Demonstrate an ability to compile a liquidation versus arrangement comparison statement.
111. State the majorities required for the arrangement to be approved and the effects of approval.
112. Explain how creditors may modify the arrangement and the rights of creditors to challenge the outcome of the meeting.
113. Describe the obligations of the supervisor with regard to progress reports and filing of returns, admission and rejection of creditor's claims and distributions.
114. 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.
115. Explain the process for completion.

### **Creditors' voluntary liquidation**

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

### **Members' voluntary liquidation**

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

### **Compulsory liquidation**

129. Describe the process for placing a company into compulsory liquidation including: the petitioning creditor and substitution, the effect of the petition and the effect of the winding up order.
130. Explain how and when a provisional liquidator or a special manager may be appointed.
131. Understand the respective positions, functions and duties of the Official Receiver and the liquidator.
132. Understand the obligations of the liquidator with regard to: reports, meetings and filing returns.
133. State what powers the liquidator has to enforce co-operation from parties affected by the liquidation.
134. Describe the voidable transactions (including re-use of company name under s216 IA) and the powers of the liquidator to challenge them.
135. State how a compulsory liquidation may be closed.

### **Insolvent partnership**

136. Describe the characteristics of an insolvent partnership.
137. Understand how an office holder may deal with an insolvent partnership including the insolvency procedures available and the respective formalities of appointment.
138. Describe what assets form part of the partnership estate.
139. Explain what the rights of creditors are and how an office holder would make a distribution.
140. Explain what steps should be taken by the office holder upon closure.
141. Understand what the effect of the bankruptcy of one partner would be on the partnership.
142. Describe the process for placing a partnership into compulsory liquidation.
143. Explain how a partnership may be subject to a partnership voluntary arrangement and how this differs from an individual voluntary arrangement.
144. Understand what a partnership administration order is, when it may be used and its effects.

### **Receiverships and LPA**

145. State the different types of receiver and describe their roles.
146. Explain the purposes and effects of administrative receivership.
147. State who has the power to appoint an administrative receiver.
148. Describe the on-going obligations of an administrative receiver with respect to meetings of creditors, reports and filing.
149. State the criteria for completion of an administrative receivership and describe the process of completion.
150. Explain the powers and duties of an LPA receiver.