



THE INSOLVENCY PRACTITIONERS ASSOCIATION
CERTIFICATE OF PROFICIENCY IN PERSONAL INSOLVENCY
SYLLABUS
SCOTLAND
APRIL 2018 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 in June each year. 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 1st January of the year in which the exam is sat. The exam also covers regulation, ethics, SIPs and other guidance.

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 the CPI sister exam if they wish to primarily focus on personal insolvency (CPPI) or take the CPI which covers both corporate and personal insolvency. These exams are set at the same standard and will share some questions. All papers will be sat on the same dates.

The syllabi for the CPI and CPPI are set out separately. Although the CPPI syllabi largely duplicate the personal elements of the CPI syllabus, candidates can expect the examiner to test knowledge of the range of personal insolvency solutions, including advisory aspects, in more depth in the CPPI exams than in the more generalist CPI exam. In the case of the personal insolvency paper (CPPI) there will be more weight given to non-statutory solutions eg. debt management plans.

The CPPI will include regulation, ethics, SIPs and other guidance.

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 2017, Guidance Papers and Technical Bulletins.
2. Demonstrate an awareness of the legislation and other regulations relevant to insolvency including: Bankruptcy (Scotland) Act 2016, Bankruptcy (Scotland) Regulations 2016, Bankruptcy (Applications and Decisions) (Scotland) Regulations 2016, Protected Trust Deed (Forms) (Scotland) Regulations 2016, Debt Arrangement and Attachment (Scotland) Act 2002 (as amended), Debt Arrangement and Attachment (Scotland) Regulations 2011 (as amended), Recast 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, s112 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 factors to be considered by the Trustee when considering whether the debtor should be discharged.
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 is.
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.

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.