Joint
Insolvency
Examination
Board

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11 NOVEMBER 2026

3.5 HOURS

PERSONAL INSOLVENCY (SCOTLAND)

This exam consists of four questions (100 marks).

Marks breakdown

Question 1	20 marks
Question 2	20 marks
Question 3	20 marks
Question 4	40 marks

References to legislation are to that which was in force on 30 April 2026.

References to 'the Act' are to the Bankruptcy (Scotland) Act 2016.

Instructions

Please read this information carefully before you begin your exam.

Starting the exam

Click on the **right arrow** in the header to begin the exam. The exam timer will begin to count down.

Preparing your answers

Answer all questions.

Respond directly to the exam question requirements. Show all workings. Do not include any content of a personal nature, such as your name.

Copying over answers for marking

Only the data in the answer area will be marked. You **MUST** copy over any data for marking from the spreadsheet area to the answer area.

Issues during the exam

If you encounter any issues during the exam you should tell the invigilator as they may be able to resolve the issue at the time. The invigilator cannot advise you on how to use the software.

Ending the exam

When the exam timer reaches zero, the exam will end. To end the exam earlier, go to the last question and click the right-hand arrow button, then click the **Submit** button to close the exam.

Question 1

You are an Authorised Insolvency Practitioner. You have just spoken with Mrs Venezia Treviso. On 28 August 2026, Sedico Limited (**Sedico**), a company of which Mrs Treviso was the sole director and shareholder entered into compulsory liquidation.

Mrs Treviso explained that while she was a director of Sedico she drew a salary of £12,000 per annum with a further £2,000 paid to her each month by way of dividend in respect of her shareholding.

Since Sedico entered into liquidation, she has been working part-time at a local restaurant. As her income has reduced significantly, she is keen to incorporate another company and start trading as soon as possible. However, she has recently received a letter from the liquidator appointed in respect of Sedico.

Whilst the letter makes it clear that the liquidator's enquiries are at an early stage, it states that the liquidator has identified that Mrs Treviso has a substantially overdrawn director's loan account, is liable to repay certain of the dividends that she has received and that she is required to immediately deliver up company property which it is understood remains in her possession, comprising a company laptop and a company car. The letter concludes by recommending that Mrs Treviso seeks advice on her position.

You are due to meet with Mrs Treviso early next week.

Requirement

(a) Prepare an email to Mrs Treviso setting out the information and documentation that Mrs Treviso should provide ahead of your meeting.

(5 marks)

At the meeting Mrs Treviso produces further correspondence received from several financial institutions. She explains that she provided a number of personal guarantees in respect of the liabilities of Sedico. It appears from the paperwork you have seen that Mrs Treviso has guaranteed liabilities totalling in excess of £150,000.

Mrs Treviso states that she does not know how the liquidator could assert that she owes money to Sedico as she used her own money to start the company and purchase its initial assets. In any event, Mrs Treviso states that she cannot afford to discharge the sums that the liquidator claims are due as well as the sums claimed pursuant to the guarantees that she has given.

Requirements

(b) Prepare an email to Mrs Treviso which:

i. explains the basis of her potential liabilities and how these liabilities may be addressed;

(6 marks)

ii. outlines Mrs Treviso's obligations in relation to the laptop and car;

(4 marks)

and

iii. provides an overview of her options given that she cannot discharge all of her liabilities. You should comment on the availability and appropriateness of each option in light of Mrs Treviso's circumstances.

(5 marks)

(Total: 20 marks)

Question 2

PART A

You are an Authorised Insolvency Practitioner. You have just met with the niece and nephew of Mr Stefano Cortina who were appointed as executors following Mr Cortina's death in September 2026 (the **Executors**).

The Executors knew little about Mr Cortina's financial affairs prior to their appointment. As they have started to gather information about Mr Cortina's assets and liabilities, the Executors have become concerned that his assets may not be sufficient to cover all of his liabilities.

Whilst the Executors are trying to establish the true extent of Mr Cortina's liabilities, they wanted to seek advice on their position at the earliest possible stage.

Requirements

(a) Draft a letter to the Executors:

i. setting out what enquiries the Executors should be making to ensure that Mr Cortina's financial position is ascertained as quickly as possible; and

ii. summarising the actions that the Executors could take, were it ultimately established that Mr Cortina's deceased estate is insolvent.

(9 marks)

Following receipt of your letter and having subsequently made enquiries into Mr Cortina's financial position, the Executors established that Mr Cortina entered into a Trust Deed in March 2026.

Requirement

(b) Explain what steps the Executors should take and the potential implications of Mr Cortina having entered into a Trust Deed.

(5 marks)

PART B

Mr Rho, who is an insolvency practitioner at a local firm, recently attended a regional insolvency networking event which was held at a local bar. After quite a few drinks, Mr Rho started making derogatory comments about other local insolvency practitioners and began abusing the bar staff when they refused to serve him more alcohol. Upon being asked to leave by a colleague, Mr Rho became very antagonistic and threatening.

Requirement

(c) Explain, giving reasons for your answer, whether Mr Rho's behaviour gives rise to any professional conduct issues.

(6 marks)

(Total: 20 marks)

Question 3

You were recently appointed as the Trustee in the Sequestration of Samuel Milano. You were advised by the petitioning creditor, that Mr Milano had been trading as Milano Meats which supplied Italian meats to local businesses.

Mr Milano advised you that he was made redundant at the start of 2025 and decided to start trading as Milano Meats, which operated from the garage at his jointly owned residential property. Whilst initial trading was positive, increased competition meant that he stopped trading in August 2026. All stock was sold prior to Mr Milano ceasing to trade and the only remaining asset comprises an old laptop of negligible value.

You have today received twelve claims from individuals who state that they were employed by Mr Milano. There is no evidence of payments being made to these individuals from the bank account held in the name of Mr Milano t/a Milano Meats.

The only creditor claims that you have received are from the former employees and HMRC.

Requirement

(a) What steps should you take following receipt of the claims from the employees?

(8 marks)

Following an investigation being undertaken into Mr Milano's assets, it becomes apparent that his only asset of any value is his interest in the jointly owned residential property. You do not currently have any information regarding the co-owner, other than their name, Janet Milano, or who else may be in occupation of the property.

Requirement

(b) Set out the factors which could impact upon the realisable value of the debtor's interest in the residential property and the circumstances in which the realisation of the debtor's interest in the property could be delayed.

(12 marks)

(Total: 20 marks)

Question 4

You are an Authorised Insolvency Practitioner.

Last week you had a meeting with Mr Como who was seeking advice after being served with a statutory demand for payment by HMRC in the sum of £37,548, which he has no means of paying. Mr Como explained that until the end of August 2026 he had run a jigsaw shop, both in the local seaside town and online. This had been very successful during the Pandemic however, demand for jigsaws had been slowly declining since and this, combined with increased costs, (including rent, in the thriving seaside town), meant that he has been making losses for the last two years.

With no funds left in his business bank account, Mr Como simply locked the door on the shop at the end of August and has not returned since. However, he now wishes to address the HMRC debt and other debts he has.

Mr Como previously worked in banking and has been made an offer of employment in the credit risk department of Mildendo Bank. The role would be due to start on 4 January 2027 with a salary of £65,000 and a potential annual bonus of 10% of salary.

Mr Como has lived in a house share since separating from his long-term partner Ms Garda in June 2024. When he separated from Ms Garda, he transferred his half share of their jointly owned property to her for love and affection as he was keen that she own the property to bring up their son, Johnny. At that time, Mr Como estimated that his half share of the equity in the property would be worth £40,000. Mr Como no longer pays the mortgage or any of the bills for the property but he does pay Ms Garda £100 per week in maintenance for Johnny and is keen to increase this to £142 per week which is what the Government website tells him the maintenance payment should be if he is receiving this salary.

Mr Como's monthly costs are:

House share, including bills	£1,550
Food, toiletries and cleaning products	£400
Mobile	£25
Sundry – including days out with Johnny, dental care and gym membership	£200

Mr Como estimates that his travel to work will be approximately £150 per week once he takes up his new employment.

The only other expense that Mr Como has been maintaining recently is a loan to Bellagio Loans which he took out to pay for new windows at his former home. Bellagio Loans are owed £10,200. Monthly repayments are £350 and Mr Como would like to maintain these because his mother is guarantor for the loan.

Mr Como is clear that he wants to deal with his debts and is willing to return to full time employment, accept the role at Mildendo Bank and make a proposal to his creditors from his monthly income.

This will require considerable effort which he is willing to make, if his priorities, which are to ensure that his son can have a similar standard of living and specifically remain in his home are achieved.

Mr Como's mother has savings of £30,000 available which she would be willing to contribute to helping Mr Como, if an agreement could be reached with creditors which achieved this and it protected her grandson's (Johnny's) home.

Mr Como is 53 and, if working, he would like to be able to make contributions of £500 per month to his Private Pension as well as contributing 5% through his future employer's pension scheme, which his terms and conditions say would be matched by his employer.

Mr Como mentioned that his elderly Aunt is in poor health and that he may expect to inherit the sum of around £25,000 from her estate in the next few years.

While he does not currently have a car, he has purchased (and sold) two in the period since 2014 using motor finance agreements and having recently heard some commentary about compensation due under these agreements, wonders if this could be claimed and offered to creditors.

Mr Como has heard of a trust deed and would like to understand if this could be a solution for him.

Requirements

Prepare an email to Mr Como following your meeting which:

(a) Explains what further information is needed in relation to the statutory demand for payment and the possible consequences for Mr Como;

(2 marks)

(b) Explains the consequences of entering into a trust deed or being made bankrupt for the following issues and how the approach could vary in each process:

- **Mr Como's income;**
- **the property Johnny and Ms Garda live in;**
- **the debt his mother has guaranteed;**
- **the possible inheritance;**
- **any other issues you believe to be relevant.**

(13 marks)

(c) Provides an estimate of the sum which Mr Como could contribute from future income in insolvency proceedings to his estate. Comment on the further information you would require and the assumptions you make.

(5 marks)

NOTE: You should assume an effective tax rate, including National Insurance of 29%

Earlier today Mr Como provided some further information.

He has assembled the following information about debts he owes to creditors:

- HMRC – Having brought his records up to date he calculates that he owes £8,752 in VAT, £15,650 in self-assessment tax relating to his previous profitable periods, £7,485 in unpaid PAYE/NIC for his 2 employees and £2,465 in unpaid Employer NIC contributions.

- He had two employees. His digital sales manager was paid £30,000 per annum and his shop manager £25,000 per annum. Both were paid their salary up to the day the shop closed and were not due any redundancy, each having less than 2 years' service. However, they were each entitled to receive one month's notice and the sales manager was due 3 weeks holiday while the shop manager was due 4 weeks. These amounts remain unpaid.

- Rent arrears – the last 2 quarters, totalling £4,250 have not been paid.

- Business rates for 2026/27 totalling £5,200 have not been paid.

- He has arrears of utilities of £900.

- He had two main suppliers of jigsaws. Vangrult Limited are owed around £7,300 and Junius Limited are owed £12,300.

- He has a personal credit card with a balance of approximately £1,500.

Mr Como advises that when he last did a stock take at the beginning of August the cost value of the jigsaws on site was £24,500. The owner of a jigsaw shop has offered him 50% of cost value for the stock and has also offered him £1,500 for his website.

Mr Como has received many calls and messages from Vangrult asking to be allowed to collect their stock which they are claiming under retention of title. Their stock is clearly identifiable by its packaging. Mr Como has not heard from Junius Limited and believes that they entered liquidation in September 2026.

Requirement

(d) Prepare an estimated outcome statement which compares the return to creditors if Mr Como enters into a trust deed compared to being declared bankrupt. State any assumptions which you make.

(13 marks)

Mr Como subsequently signs a trust deed in your favour on 16 November 2026. The Trust Deed was recorded in the Register of Insolvencies on 18 November 2026. You wrote to creditors on 20 November to advise them of the Trust Deed and invite them to submit claims.

- Mr Como has submitted the outstanding returns and HMRC submit a claim of £34,352;

- The Liquidator of Junius submits a claim for £14,250

- The local Council submit a claim for £5,200
- Vangrult have submitted a nil claim.
- Bellagio Loans submitted a claim of £14,300 on 22 December 2026 and confirmed that they wish to object to the Trust Deed.
- On 21 December, the landlord submitted a claim for £21,250, including £17,000 for rent for the remainder of the lease. They have also stated that they wish to object to the trust deed.

Requirement

(e) Prepare a schedule of creditors' claims and explain whether based on the information currently available, the Trust Deed will become protected. Suggest the next steps you will take.

(7 marks)

(Total: 40 marks)