

Reaction Engines Limited - in administration (“the Company”)

Creditors FAQs

What does it mean that the company has entered into administration? Is Reaction Engines Limited continuing to trade?

Entering into administration means that the company is being managed by the administrators. The administrators’ role is to assess the company’s assets and liabilities and determine the best course of action to repay creditors. Unfortunately, this also means that the company will not continue to trade.

What type of creditor am I?

Creditors are classified as to the type of claim they have, these types will determine the quantum of distribution they will receive as the funds for each type is ring fenced.

The three main types of creditor are:

- Secured;
 - Preferential; and
 - Unsecured
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- Secured creditors have security registered at Companies House. When they have a fixed/standard charge over an asset, the secured creditor will be paid out of the realisations from that specific asset, after the costs of realisation have been deducted. When they have a floating charge over an asset, the secured creditor will be paid out of the realisations from those assets, after the costs of realisation and other expenses of the insolvency procedure, the preferential creditors (see below) have been paid in full and the prescribed part (see below) has been set aside.
 - Preferential creditors primarily consist of employees for arrears of wages, accrued holiday pay, unpaid contributions to occupational pension schemes and state scheme premiums, all within certain limits. As of December 2020 this will also include certain aspects of HMRC’s claim, these claims will rank as secondary preferential claims (paid after the preferential element of the employee claims) and consist of the VAT, PAYE and NIC deductions. Preferential creditors rank ahead of all other creditors when realisations are achieved from assets where there is no fixed charge registered.
 - Unsecured creditors are all other unsecured and non-preferential creditors (with the exception of shareholders/members). These are usually the normal “trade” creditors. They rank below preferential and secured creditors, with the exception of when the prescribed part is applicable (see below).

- Shareholders / members will be the last class of creditor to receive a distribution and they will only receive a distribution after everyone else has been paid in full.

What is the prescribed part?

- When a secured creditor has a floating charge registered after 15 September 2003, a proportion of the funds available to them is set aside for distribution to unsecured creditors. This is the prescribed part.

The prescribed part applies in this case as there is a floating charge created after 15 September 2003. The amount of the prescribed part is:

- 50% of net property up to £10,000
- 20% of net property above £10,000
- Subject to a maximum of £800,000

Insolvency legislation sets out how the prescribed part is calculated and if it is applicable further details will be provided in the officeholders' reports to creditors.

What further information will I receive?

The Joint Administrators will write to all known creditors of the Company (per the creditor list obtained from the Company's books and records) to formally notify them of the administration appointment. This will be accompanied by a general website notice informing creditors that most future documents for creditors will be posted to a website rather than being delivered by post.

The Joint Administrators will produce a report to all known creditors and members within eight weeks of the appointment. This report is known as the Joint Administrators' proposals and will outline steps taken by the Joint Administrators to date and the strategy going forwards. This report will be delivered via upload to the website following the issue of the website notice with the initial creditors letter.

The Joint Administrators are also required to provide a written update on the administration to all known creditors every 6 months. This report will be published on the website within one month of every 6 month anniversary or earlier if an Administrator vacates office or an extension to the administration is granted.

Can I opt out of receiving this information?

You have the right to opt out of receiving further documents relating to these proceedings.

The right to opt out only applies to documents required by the Insolvency Act 1986 or the Insolvency (England and Wales) Rules 2016 to be delivered to creditors generally or to a particular class of creditors. It does not apply to documents or correspondence sent to people in

a capacity other than as creditor (e.g. as an employee) or to correspondence sent to individual creditors.

Further details on opting out will be provided to creditors in due course.

Estimated timeframe for reviewing my claim and paying a dividend?

The administration process is complex and it takes time to assess the Company's position and provide an estimate of the value or timing for reviewing claims and making a distribution. The officeholders will include an update of dividend prospects and, if possible, a timeframe in their proposals and reports.

Will you refund the costs incurred in preparing a claim?

We are unable to refund the costs in preparing a claim. Consequently, we cannot refund any expenses incurred in obtaining information necessary to make a claim.

How to submit a claim

Please complete the proof of debt form which you can download from this website and return by email to uk_reactionengines_creditors@pwc.com or by post to Reaction Engines - In Administration, 8th Floor Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL

When submitting your claim please ensure that you include all relevant details such as your order confirmation or receipt, invoices or other documentation demonstrating the amount owed to you.

At this early stage, we do not expect that there will be funds available to make a distribution to unsecured creditors although this will depend on the final level of asset realisations and level of preferential claims received. Once we have more information on dividend prospects, we will update creditors via our statutory reports which will be uploaded to this website periodically.

Who can I contact if I have any other queries?

Please email uk_reactionengines_creditors@pwc.com if you have any other queries.