

Registered no: 04509708

## Coltec Finance Company Limited

Annual report  
For the year ended 31 December 2008



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# **Coltec Finance Company Limited**

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# **Coltec Finance Company Limited**

## **Directors and advisers**

### **Directors**

Robert D Rehley  
William Dries  
Donald G Pomeroy

### **Secretaries**

Robert P McKinney  
Stephanie C Williams

### **Registered Office**

55 Colmore Row  
Birmingham  
West Midlands  
B3 2AS

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered accountants and registered auditors  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### **Solicitors**

Ward Hadaway Solicitors  
Sandgate House  
102 Quayside  
Newcastle Upon Tyne  
NE1 3DX

### **Bankers**

Bank of America  
Harcourt Building  
Harcourt Street  
Dublin 2  
Ireland

# **Coltec Finance Company Limited**

## **Directors' report for the year ended 31 December 2008**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

### **Principal activities**

The company's principal activity during the year was the global management of cash for affiliates of the company, all of whom have the same ultimate parent undertaking, EnPro Industries, Inc. in the United States. The global management of cash includes a multilateral netting program, which was launched in December 2002, to simplify the settlement of inter-company transactions between affiliates of the company, and a European cross-border cash pooling program, which was launched in January 2003 to concentrate funds to provide better investment returns, to reduce the need for individual affiliates of the company to borrow from financial institutions, to increase visibility and to control cash reserves.

### **Review of business and future developments**

It is expected that the netting program and the cash pooling program will continue to be the primary focus of the company in the foreseeable future.

### **Results**

The company's profit for the financial year is £518,463 (2007: £611,444). There were no dividends paid or proposed during the year (2007: £nil).

### **Directors**

The directors of the company, all of whom have been directors for the whole year and up to the date of signing the financial statements, are as listed on page 1.

### **Key Performance Indicators**

Given the relatively simple nature and structure of the business, the directors believe that analysis using financial and non-financial KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

# Coltec Finance Company Limited

## Directors' report for the year ended 31 December 2008 (continued)

### Statement of directors' responsibilities (continued)

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

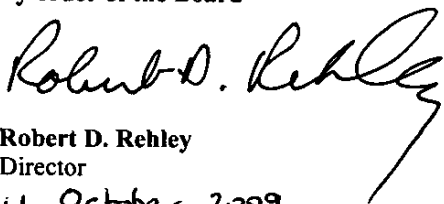
### Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers UK, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### By order of the Board



Robert D. Rehley  
Director

16 October 2009

# Coltec Finance Company Limited

## Independent auditors' report to the members of Coltec Finance Company Limited

We have audited the financial statements of Coltec Finance Company Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Leeds

[Date] 27 October 2009

## **Coltec Finance Company Limited**

### **Profit and loss account for the year ended 31 December 2008**

|                                                      | Note | 2008<br>£      | 2007<br>£      |
|------------------------------------------------------|------|----------------|----------------|
| Interest receivable and similar income               | 6    | 3,504,854      | 2,446,113      |
| Interest payable and similar charges                 | 7    | (2,151,716)    | (1,371,303)    |
| Other finance charges                                |      | (633,050)      | (201,812)      |
| <b>Profit on ordinary activities before taxation</b> | 4    | <b>720,088</b> | <b>872,998</b> |
| Tax on profit on ordinary activities                 | 11   | (201,625)      | (261,554)      |
| <b>Retained profit for the financial year</b>        | 13   | <b>518,463</b> | <b>611,444</b> |

The results shown in the profit and loss account above derive solely from continuing operations.

The company has no recognised gains and losses other than those included in the retained profit above, and therefore no separate statement of total recognised gains and losses has been presented.

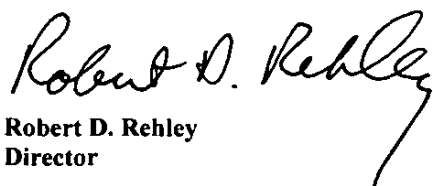
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

# Coltec Finance Company Limited

## Balance sheet as at 31 December 2008

|                                                        | Note | 2008<br>£           | 2007<br>£           |
|--------------------------------------------------------|------|---------------------|---------------------|
| <b>Current assets</b>                                  |      |                     |                     |
| Debtors                                                | 8    | 49,483,374          | 34,477,967          |
| Current asset investments                              | 9    | 11,383,077          | 3,698,521           |
| Cash at bank and in hand                               |      | 1,834,095           | 3,996,862           |
|                                                        |      | <b>62,700,546</b>   | <b>42,173,350</b>   |
| <b>Creditors – Amounts falling due within one year</b> | 10   | <b>(60,873,625)</b> | <b>(40,864,892)</b> |
| <b>Net current assets</b>                              |      | <b>1,826,921</b>    | <b>1,308,458</b>    |
| <b>Net assets</b>                                      |      | <b>1,826,921</b>    | <b>1,308,458</b>    |
| <b>Capital and reserves</b>                            |      |                     |                     |
| Called up share capital                                | 12   | 100                 | 100                 |
| Profit and loss account                                | 13   | 1,826,821           | 1,308,358           |
| <b>Equity shareholders' funds</b>                      | 14   | <b>1,826,921</b>    | <b>1,308,458</b>    |

The financial statements on pages 5 to 11 were approved by the board of directors on 16 October 2009 and were signed on its behalf by:

  
**Robert D. Rehley**  
 Director

# **Coltec Finance Company Limited**

## **Notes to the financial statements for the year ended 31 December 2008**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

#### **Foreign currency translation**

All monetary assets and liabilities denominated in a foreign currency are translated using the closing rate and all profit and loss account items are translated at the rate of exchange ruling at the date of the transaction. The exchange gain or loss is reported as part of the profit for the year from ordinary activities.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Financial Support**

The ultimate parent undertaking, EnPro Industries, Inc., will not seek repayment of the intercompany payable due from CFCL unless CFCL has sufficient working capital to enable it to keep trading.

### **2 Cash flow statement and related party disclosures**

The company is a wholly-owned subsidiary of Coltec Industries, Inc. which is a wholly-owned subsidiary of EnPro Industries, Inc. and is included in the consolidated financial statements of EnPro Industries, Inc., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the EnPro Industries, Inc. group or investees of the EnPro Industries group. There are no other related party transactions.

### **3 Segmental reporting**

The company's activities consist solely of the global management of cash.

### **4 Profit before tax**

The profit before tax for the year was stated after charging a net foreign exchange loss of £475,996 (2007: loss of £77,385).

Auditors' remuneration of £14,148 (2007: £18,725) for audit services will be paid by the ultimate parent undertaking, EnPro Industries, Inc. and was included in the profit before tax.

# Coltec Finance Company Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 5 Employee information

The company has no employees working within the UK. Most of the day-to-day activity is outsourced, with various cash management and accounting functions handled by employees of the ultimate parent undertaking, EnPro Industries, Inc. The costs associated with those employees are absorbed by the ultimate parent undertaking.

The directors received no emoluments in either year for the services to the company.

### 6 Interest receivable and similar income

|                                                            | 2008      | 2007      |
|------------------------------------------------------------|-----------|-----------|
|                                                            | £         | £         |
| Short-term investments interest receivable                 | 264,618   | 381,393   |
| Interest receivable on amounts due from group undertakings | 3,240,236 | 2,064,720 |
|                                                            | 3,504,854 | 2,446,113 |

### 7 Interest payable and similar charges

|                                                       | 2008      | 2007      |
|-------------------------------------------------------|-----------|-----------|
|                                                       | £         | £         |
| Interest payable on amounts due to group undertakings | 2,124,817 | 1,368,091 |
| Bank interest payable                                 | 26,899    | 3,212     |
|                                                       | 2,151,716 | 1,371,303 |

### 8 Debtors

|                                     | 2008       | 2007       |
|-------------------------------------|------------|------------|
|                                     | £          | £          |
| Amounts due from group undertakings | 49,378,930 | 34,268,535 |
| Taxation                            | 104,148    | 70,363     |
| Other debtors                       | 296        | 139,069    |
|                                     | 49,483,374 | 34,477,967 |

# Coltec Finance Company Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 9 Current asset investments

|                         | 2008       | 2007      |
|-------------------------|------------|-----------|
|                         | £          | £         |
| Cash reserve funds      | -          | -         |
| Overnight time deposits | 11,383,077 | 3,698,521 |
|                         | 11,383,077 | 3,698,521 |

The market value of the investments is not materially different from their carrying amount.

### 10 Creditors – Amounts falling due within one year

|                                   | 2008       | 2007       |
|-----------------------------------|------------|------------|
|                                   | £          | £          |
| Amounts due to group undertakings | 60,526,077 | 40,536,627 |
| Taxation and social security      | 168,496    | 229,659    |
| Other creditors                   | 179,052    | 98,606     |
|                                   | 60,873,625 | 40,864,892 |

Amounts due to group undertakings are unsecured, interest bearing and repayable on demand.

# Coltec Finance Company Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 11 Taxation on the profit for the year

|                                                                                                                                                                       | 2008           | 2007           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                                       | £              | £              |
| Current tax:                                                                                                                                                          |                |                |
| UK corporation tax on profit of the period                                                                                                                            | 201,625        | 261,554        |
| <b>Tax on profits on ordinary activities</b>                                                                                                                          | <b>201,625</b> | <b>261,554</b> |
| The tax assessed for the year is the same as (2007- lower than) the standard rate of corporation tax in the UK 28% (2007 – 30%). The differences are explained below. |                |                |
| Profit on ordinary activities before taxation                                                                                                                         | 720,088        | 872,998        |
| Profit on ordinary activities multiplied by standard rate of corporation tax for the company                                                                          | 201,625        | 261,899        |
| Effects of:                                                                                                                                                           |                |                |
| Permanent differences                                                                                                                                                 | -              | (345)          |
| <b>Total current tax charge</b>                                                                                                                                       | <b>201,625</b> | <b>261,554</b> |

### 12 Called up share capital

|                                     | 2008 | 2007 |
|-------------------------------------|------|------|
|                                     | £    | £    |
| Authorised, allotted and fully paid | 100  | 100  |

### 13 Reserves

|                         | Profit and loss account |
|-------------------------|-------------------------|
|                         | £                       |
| 1 January 2008          | 1,308,358               |
| Profit for the year     | 518,463                 |
| <b>31 December 2008</b> | <b>1,826,821</b>        |

# **Coltec Finance Company Limited**

## **Notes to the financial statements for the year ended 31 December 2008(continued)**

### **14 Reconciliation of movements in equity shareholders' funds**

|                                    | £         |
|------------------------------------|-----------|
| Profit for the year                | 518,463   |
| Opening equity shareholders' funds | 1,308,458 |
| Closing equity shareholders' funds | 1,826,921 |

### **15 Ultimate parent undertaking**

The ultimate parent undertaking and controlling party is EnPro Industries, Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of EnPro Industries, Inc. consolidated financial statements can be obtained by visiting our website, [www.enproindustries.com](http://www.enproindustries.com), or by calling +1 704-731-1522.