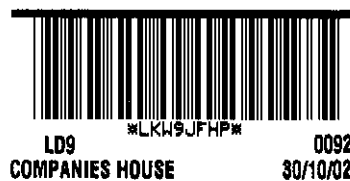


PARKHILL WASTE MANAGEMENT LIMITED**Annual Report and Financial Statements****For the Year Ended****31 December 2001**

Directors

P S Johnson
D E Riddle
M J Ward

Secretary

Exel Secretarial Services Limited

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

Registered Office

Ocean House
The Ring
Bracknell
Berkshire RG12 1AN

Company Number

No. 3697084

DIRECTORS' REPORT

The Directors submit their report and the financial statements for the year ended 31 December 2001.

Principal activity and business review

The Company did not trade during the year and therefore no profit and loss account has been prepared.

The Directors are not aware of any likely future developments for the Company.

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Directors and their interests

The Directors who held office during the year are given below:

P S Johnson
D E Riddle
M J Ward

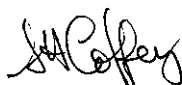
Messrs P S Johnson and M J Ward are Directors of Cory Environmental Management Limited, a holding Company, and their interests are as shown in the report and financial statements of that Company.

Mr D E Riddle is a Director of Exel plc, the ultimate parent undertaking, and his interests are as shown in the report and financial statements of that Company.

The Company's Register of Directors Interests, which is open to inspection at the registered office, contains full details of Directors shareholdings and share options.

Except as above, no Director had any interest in any shares or debentures in any companies of the Group.

By order of the Board



for and on behalf of Exel Secretarial Services Limited, Company Secretary.

29 October 2002

ACCOUNTING POLICIES

The accounting policies adopted by the Company are set out below and are consistent with the previous year.

The adoption of FRS 18 'Accounting policies' has had no impact on these financial statements.

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

(b) Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its group. The Company has taken advantage of the exemption offered by S228 of the Companies Act 1985 not to prepare and deliver group financial statements.

(c) Statement of cash flows

The Group financial statements for the year ended 31 December 2001 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by FRS 1 (Revised 1996) whereby it is not required to publish its own statement of cash flows.

PARKHILL WASTE MANAGEMENT LIMITED

BALANCE SHEET
as at 31 December 2001

	Notes	2001 £	2000 £
Current assets			
Debtors: amounts due from subsidiary undertakings		1	1
		<u> </u>	<u> </u>
Capital and reserves			
Share capital	2	1	1
		<u> </u>	<u> </u>

The Company was dormant, within the meaning of Section 250 of the Companies Act 1985, throughout the financial period ended 31 December 2001.

Approved by the Board of Directors on 25 October 2002 and signed on its behalf by



M J Ward
Director

29 October 2002

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1. Directors' emoluments

The Directors are employees of Cory Environmental Management Limited and receive no emoluments in their capacity as Directors of Parkhill Waste Management Limited.

2. Movements in shareholders' funds

There was no movement on shareholders' funds during the period.

The authorised shares capital is 10,000 shares of £1 each, of which 1 has been allotted, called up and fully paid. There were no allotments during the year.

3. Ultimate parent undertaking

The Company's ultimate parent undertaking is Exel plc, which is registered in England. This is the only group of which this Company is a member for which group financial statements are prepared. Copies of the above group financial statements are available from the Secretary of the Company at Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN.

The Company's immediate parent undertaking is Cory Environmental (Central) Limited.