



500 miles
(Charitable Association)

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 December 2017



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TRUSTEES' REPORT

The trustees are pleased to present their annual report together with the financial statements for the year ended 31 December 2017.

The reference and administrative information set out on page 13 forms part of this report. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

TRUSTEES

The trustees who have served during the period since the last trustees' report are Olivia Giles, Robin Garrett, James Robb, Susan Dalgety, Jane Salmonson, Gillian Hastings and Susan Davie.

OBJECTIVES AND ACTIVITIES

The objects of the charity are:

"to support Disabled People in deprived areas of the world by creating, establishing, managing, running, donating to or otherwise supporting projects which the Charity may from time to time consider will further the interests of Disabled People, under declaration that the Charity will have a particular focus on furthering the interests of Amputees including the provision of prosthetic services and/or components and/or devices to them; where "Disabled People" means people who suffer from any form of disability, and "Amputees" means persons who have full or partial absence of a limb or limbs, whether congenitally or due to disease or trauma."

During the accounting period these objectives to further the charity's purposes for the public benefit have been fulfilled through the following activities.

1. Ongoing management, operation and funding of the 500 miles Prosthetic and Orthotic Centre at Kamuzu Central Hospital ("KCH") in Lilongwe, Malawi ("**the 500 miles KCH P&O Centre**"). This orthopaedic workshop, built and established by 500 miles in 2008, prescribes, manufactures and fits prostheses and orthoses and aims to serve the whole of central region of Malawi.
2. Ongoing management, operation and funding of the 500 miles Prosthetic and Orthotic Centre at Mzuzu Central Hospital ("MCH") in Mzuzu, Malawi ("**the 500 miles MCH P&O Centre**"). This orthopaedic workshop, built and established by 500 miles in 2012, prescribes, manufactures and fits prostheses and orthoses and aims to serve the whole of northern region of Malawi.
3. Working in conjunction with University Teaching Hospital in Lusaka, Zambia ("UTH") to provide access to prosthetic and orthotic ("P&O") devices for (1) poor people attending UTH or referred to it by the charity or by Beit CURE Hospital in Lusaka and (2) patients of each of (a) Mongu Cheshire Home in Mongu ("Mongu Cheshire Home"), (b) Chitokoloki Mission Hospital in Chitokoloki (Chitokoloki Mission Hospital) and (c) St Francis Hospital in Katete (St Francis Hospital), all through outreach. The charity liaised with Mongu Cheshire Home, Chitokoloki Mission Hospital and St Francis Hospital and paid UTH for all P&O devices supplied and arranged and covered all of the costs of outreach.
4. The support and funding of the delivery of low level P&O services to poor people attending St Francis Hospital by directly funding an individual seconded there by 500 miles to provide this service and to arrange and facilitate outreach missions from UTH to St Francis Hospital.
5. Planning and payment for the training of Malawians and Zambians in prosthetics and orthotics, at The Cambodian School of Prosthetics and Orthotics ("CSPO") and Mobility India and through Human Study e.V., with a view to their deployment in 500 miles' projects, including payment of fees, living allowances and travel costs.



OBJECTIVES AND ACTIVITIES (continued)

6. Support of third party fundraising for the charity and early planning of a fundraiser called the Malawi Cycle 2018.

ACHIEVEMENTS AND IMPACT

Malawi

500 miles continued to manage, operate and fund both the 500 miles KCH P&O Centre and the 500 miles MCH P&O Centre. The charity funds all costs of production of all P&O devices supplied which are not met by the Ministry of Health of Malawi ("MoH Malawi") or by income from third party sources.

Externally derived income generated in Malawi was £11,767. It was £14,495 in 2016. The apparent reduction is due to the inclusion in this caption of contribution payments from KCH and MCH which are accounted for when received, and some of these were delayed in 2017. The external sales element of this caption does show a small year on year increase. What appears to be a reduction is therefore effectively a timing difference relating to the KCH and MCH contributions.

At the 500 miles KCH P&O Centre

Capacity and production rate have dropped slightly. The total number of patients treated was 1,452 compared with 1,492 in 2016 and 1,521 in 2015. 1,104 new P&O devices were delivered in 2017, compared with 1,130 in 2016, which represents an average of 92 new devices a month compared with an average of 94.2 in 2016.

500 miles funded the vast majority of the costs of these 1,104 new devices which were supplied to individuals who were unable to pay for themselves. The charity used the One Smile fund and reserves to meet these costs.

The charity's outreach programme with partners has been sustained and consolidated. Although one regular partner closed its operation in central region during the year, 500 miles collaborated with 11 partners in central region in 2017.

500 miles was able to carry out a further round of outreach in Kasungu District, following the method the charity has been using in northern region in areas where there are no partners with whom to work. This was the first repeat of an initiative which began in 2016.

The charity improved the quality of the service it provides at the 500 miles KCH P&O Centre by the appointment of a full time rehabilitation technician who now provides gait training and other support to patients around use of their devices.

The 500 miles KCH P&O Centre has continued to integrate its service with MoH Malawi and KCH.

The charity advertised for a Malawian to replace the incumbent expatriate manager in a 3-year post with a view to achieving greater continuity.

A third of 500 miles' original premises in the grounds of KCH was refurbished and furnished for use as a break out area for staff.

At the 500 miles Mzuzu P&O Centre

Capacity and production rate has significantly increased at this centre. The total number of patients treated was 665 compared with 539 in 2016 and 545 in 2015. 777 new P&O devices were delivered in 2017 compared with 594 in 2016, which represents an average of 64.75 new devices a month compared with an average of 49.5 in 2016. This is due to effective management and the vigorous pursuit of the outreach programme thus ensuring a continuous throughput of patients.



ACHIEVEMENTS AND IMPACT (continued)

500 miles funded or part funded the vast majority of the costs of these 777 new devices which were supplied to individuals who were unable to pay for themselves. The charity used the One Smile fund and reserves to meet these costs.

The charity has continued its multi-disciplinary outreach programme, in co-operation with three active partners, with a rekindling of a little activity with two more. This activity takes 500 miles into 3 of the 6 districts in northern region.

500 miles has continued to deliver its own systematic sensitisation and outreach programme which is intended to educate as many key organisations and individuals in northern region as possible and to reach as many people with disabilities as possible. During this review period, coverage of the east of Mzimba South, the largest district in northern region, was almost completed, leaving just the southmost part of Mzimba South. The charity also continued its revisiting programme (commenced in 2015) by which it returns systematically to areas that it first covered. During the period under review the charity revisited the east of Mzimba North and began revisiting the northmost part of the east of Mzimba South.

500 miles has continued to integrate its P&O service with MCH and its services with excellent high level cooperation with MCH and significant cross referral.

As a result of the charity's work in both of the 500 miles Centres in Malawi, people all over central and northern regions have a P&O service which they can access or can be assisted to access. People, from a wider area, have been able to get access to and/or afford P&O devices. In the period under review, 2,117 patients received 1,881 devices. Since the quality of the P&O devices and the efficiency and integration of the service dispensing them have been maintained, disabled people have been enabled to utilise their devices more effectively. The improved mobility and body function facilitated by the P&O devices produced vastly enhances quality of life by giving disabled people a chance of employment, education and social participation and inclusion. The charity has also done some important groundwork to secure the same quality of life benefits for future generations in Malawi by increasing the in-country skill base for MoH Malawi.

Zambia

Late in 2015 500 miles entered into a memorandum of understanding ("MoU") with the Ministry of Health of Zambia ("MoH Zambia") under which 500 miles agreed to sponsor the P&O treatment at UTH of poor individuals who applied for help, at agreed rates. Activity under this model steadily increased during 2016. In the first four to five months of 2017, 72 local patients were fitted with P&O devices compared with 71 in the whole of 2016. Local referrals ceased at that point altogether for four main reasons:

- Four members of staff at the P&O department at UTH whom 500 miles asked MoH Zambia to assume onto its payroll in November 2016, began to be paid by MoH Zambia but were then reluctant to work on the paperwork for 500 miles referrals unless they were paid extra by 500 miles and two of them tried to retain salary loans the charity had made to them.
- From the start of this activity, 500 miles had a Zambian representative on the ground who administered the process for 500 miles and who was also involved in delivering the treatment. He is one of the four referred to above and although he has a different attitude, he became distracted by applying for and arranging go to India for training and he then left for India in early July.
- Against the spirit of the MoU, the P&O department at UTH began to refer **all** in-patients at UTH who needed P&O devices to 500 miles for sponsorship, whereas they had previously been funded by social services.
- Standard Chartered Bank closed the bank account in Zambia which the charity had been able to operate remotely using internet banking and so the charity lost its ability to make multiple local payments to support local activity and outreach.



ACHIEVEMENTS AND IMPACT (continued)

Until July in the year under review, the charity also continued with its outreach initiatives, travelling by road and by plane, and making four outreaches to three remote destinations with which 500 miles has developed relationships. 500 miles paid all costs of travel and daily allowances for personnel, as well as paying UTH for the devices. 85 patients (compared with 72 in 2016 and 53 in 2015) were fitted with devices on outreach. 500 miles was able to share some travel costs with FLYSPEC, a Zambian NGO which delivers charitable orthopaedic services by outreach.

In order to ensure that UTH had enough components to deliver devices for the outreach to Chitokoloki in June/July, 500 miles placed a large order of components and had it delivered to UTH on the basis that (1) whenever this stock was used to fabricate a device being invoiced to 500 miles, only half of the list price would be charged and (2) MoH Zambia would place the next order in good time.

As well as being an assessment point and gateway to MoH Zambia's P&O service at UTH, before he went for training in India, the 500 miles' representative in Lusaka continued to carry out repairs and adjustments to existing P&O devices and to make small simple orthoses for poor patients at Beit CURE. From January to the end of April 2017, he saw 86 patients and fitted 40 devices to Beit CURE patients compared with 313 patients and 173 devices in 2016 and 267 patients and 193 devices in 2015. (The number of devices made at Beit CURE would always have dropped as it is better for patients to be treated at UTH where possible.) Beit CURE was invited to refer direct to UTH with 500 miles sponsorship but has been slow to do this.

500 miles funded a representative of 500 miles to be based at St Francis Hospital to provide low-level P&O services (repairs and adjustments and simple orthoses) and to assess and refer people for P&O treatment at UTH through outreaches to be arranged and funded by 500 miles. After outreach activity stopped, this representative continued to assess people who needed more complex treatment and to refer those who could travel themselves to UTH. During the year under review, he saw 205 patients and fitted 78 devices to local patients, he referred 18 for treatment on outreach by UTH and he referred 3 patients direct to UTH.

500 miles arranged with MoH Zambia and Mobility India for 500 miles' former representative in Lusaka, employed by MoH Zambia, to go to Mobility India for two years to study for a diploma.

This model under which 500 miles has been operating with UTH has the potential to be a sustainable, long-term source of P&O devices for all-comers which are free or subsidised for those who cannot afford to pay for them, locally at UTH and through outreach, but the new memorandum of understanding that 500 miles submitted to MoH Zambia in November 2016 documenting the way in which the charity was working with UTH in practice, and seeking MoH Zambia's formal endorsement of this and asking for its commitment to ring fence all income paid to UTH by 500 miles for the funding of the P&O department at UTH, without reducing MoH Zambia's existing support, has not received a response.

Although strategic discussions with MoH Zambia and cooperation with the P&O department at UTH are at an impasse and the future of 500 miles' activity in Zambia is uncertain, as a result of the charity's work in Zambia, during the year under review, 72 people local to Lusaka (71 in 2016 and 11 in 2015) and 88 people through outreach (72 in 2016 and 53 in 2015), all on low or no incomes have been fitted with prostheses and orthoses leading to increased quality of life.

Training

500 miles continued to fund the training of Malawian and Zambian orthopaedic technologists to 3-year diploma level and degree level at CSPO, at Mobility India and at Human Study e.V.. 20 students have been sponsored by 500 miles for 22 qualifications since the charity began. This



ACHIEVEMENTS AND IMPACT (continued)

activity has been ongoing since the charity started and remains a critical part of the charity's strategy to fulfil its core objectives.

Training Africans to become prosthetists and orthotists to an international standard in this way not only provides the human resources required to deliver safe and effective prosthetic and orthotic services through our projects, but it also represents an essential investment in these services at grass roots level to ensure their continuance for the benefit of future generations of people with disabilities. Sponsoring training from four schools in four countries (Tanzania, Cambodia, India and Germany), has widened the range of experience and practice being brought back into their health services. In both the short and long term, training a local work force directly contributes to improvement in the quality of life and the prospects for people with disabilities in these countries.

Other Activities

The charity has consolidated its practice of collecting regular donations to One Smile through standing order or similar. All regular donations are applied to One Smile and the total funds so raised were £14,118.

FINANCIAL REVIEW

Results for the period

During this accounting period, income decreased to £131,923 (2016, £139,402, 2015, £622,119, 2014, £221,078 and 2013, £192,828). Income in 2015 was exceptional as a result of private donations to and third-party fundraising for the BIG dinner appeal. The continuing impact on income in 2017 is due to many regular supporters having made an exceptional donation for the BIG dinner in 2015 or even having held their own fundraiser for 500 miles in 2015.

Of the total income for 2017, donations totalling £47,671 were restricted in nature, the majority of these being for One Smile.

This is the eighth year of the charity's direct giving programme, One Smile, whereby donors are encouraged to donate small sums, annually or monthly, on the basis that this money is restricted to being used exclusively for prosthetic or orthotic service delivery to individuals under any of 500 miles' projects. A total of £14,118 was raised in this financial period (2016, £13,043). (These are in addition to other one-off donations to One Smile.)

It appears that a reduced amount of externally derived income (£11,767) was raised in respect of device sales to third parties (including the fixed contributions of KCH and MCH) through the two 500 miles P&O Centres in Malawi (2016, £14,495 and 2015, £12,839). As previously noted on page 4, this apparent reduction related to timing differences in receipt of contributions from KCH and MCH. After taking these timing differences into account, the underlying position is that the overall level of external device sales has been maintained.

Expenditure on charitable activities totalled £243,311 (2016, £250,636 and 2015, £172,541). This has been incurred principally in relation to:

- (1) the running costs of the 500 miles KCH P&O Centre in Malawi
- (2) the running costs of the 500 miles Mzuzu P&O Centre in Malawi
- (3) arranging and sponsoring the provision of P&O devices by UTH to individuals attending UTH in Lusaka, Zambia
- (4) arranging and sponsoring outreach to Chitokoloki, Katete and Monze, all Zambia
- (5) funding the delivery of a low level P&O service in Lusaka, Zambia from Beit CURE
- (6) funding the delivery of a low level service in Katete, Zambia
- (7) continuing sponsorship of the training of staff and future staff for 500 miles' projects in Malawi and Zambia.



FINANCIAL REVIEW (continued)

Expenditure on raising funds dropped to £8,535 (£9,674 in 2016 and £51,508 in 2015). The 2015 figure is unusually high due principally to the set up costs of the BIG dinner.

Expenditure for this financial year totalled £251,846 (2016, £260,310 and 2015, £224,049).

After deducting total expenditure, the net movement on funds for the financial year was (£119,923) (2016, (£120,908) and 2015, £398,070), giving total funds carried forward of £438,756 (2016, £558,679 and 2015, £679,587). Of these £418,952 (2016, £532,958 and 2015, £652,135) are unrestricted 'free' reserves all represented by cash.

Reserves policy

The charity has not made and does not intend to make any future project commitments which will be legally enforceable or give rise to a constructive obligation except for payments in connection with the services of the managers of the 500 miles KCH P&O Centre and the 500 miles Mzuzu Centre and two contracts with Human Study e.V. to pay the fees and expenses of two 3-year degree courses for two students. These commitments are dependent on services provided or conditions being met and so are not provided for in the 2016 accounts. In addition, there are non-contractual funding commitments in respect of two further students which again do not represent liabilities as defined in paragraphs 7.5 to 7.7 of the Charities SORP (FRS102).

It is the trustees' view that there is, in effect, at least a one-year funding commitment for 2018, at the balance sheet date and an assessment of these total project commitments, together with other potential training expenditure, has been treated as a designated fund in accordance with paragraph 7.34 of the SORP. The total assessment of the value of these commitments is £105,500. Budgets have been established for each of the charity's chosen projects and it is the board's intention to maintain reserves sufficient to cover approximately 50% of the annual core costs of the chosen projects currently being supported (after taking account of the designations above) as a buffer against any sudden down turn in future income generation. The estimated annual core costs for the activities of 500 miles' projects in the next financial period, after designations, are projected to be no more than £225,000.

Reserves are obviously high relative to the projected budget at present due to the BIG dinner fundraising initiative in 2015 but this was a "one-off" and is not something that can be repeated at the same level annually. It has also resulted directly in a drop off in income in 2016 and 2017. The charity intends to work on a 4-5 year cycle for large fundraising pushes so the surplus generated in 2015 is still required to meet any deficit in year-on-year income over 2018 and 2019.

The board is prepared to consider other projects, in particular the support of a third P&O centre in southern Malawi and the up-scaling of its support of the P&O service of MoH Zambia including the addition of further outreach destinations, and in order to do so wishes to have some free reserves available. However the board will not commence any new initiative (within the chosen projects or otherwise) unless a reasonable external commitment for the majority of the remaining funding required, particularly for any capital spend, has been obtained or a significant amount of funds raised.

On that basis, current surplus reserves will be used to supplement annual income to fund current projects over the coming years and, potentially, to fund new projects. The board will continue to review the level of reserves to ensure there is no excessive build up.

Investment policy

The policy is to maximise the amount of interest that can be earned on any surplus funds by holding them in accounts offering the highest interest but with sufficient flexibility for the charity to be able to access them when needed. At the end of the accounting period the bulk of unutilised



FINANCIAL REVIEW (continued)

funds and other cash resources are held on a fixed term deposit account. A sufficient balance to meet foreseeable payments is held in the charity's operational account. The trustees do not believe it is appropriate to tie up funds in longer-term illiquid financial instruments when future fundraising can't be assumed in these times and because the returns will not compensate for loss of flexibility. The charity intends to maintain this policy of investing the bulk of the cash funds currently held but not immediately required, in similar, guaranteed fixed deposit account and interest earning bank accounts. This policy will be kept under review.

The Trustees confirm that it is appropriate to adopt the going concern basis in preparing the annual financial statements

Risk management

The charity is project based and there are some major risks specifically associated with each project.

The main general risks to the charity affecting all or most of its projects are:

1. That it is unable to raise sufficient funding to follow through on the charity's plans. At this time it still has strong reserves as a result of the major community fundraising initiative, "the BIG dinner" in 2015. As a result, community fundraising dropped off in 2016 and 2017 but it should pick up again gradually. Board member, Jane Salmonson, has considerable experience in fundraising in the international arena and will in future assist the Executive Officer to identify and secure funding from external trusts and foundations to reduce the reliance on community funding. Given the balance at bank the charity is not currently actively pursuing this, but it is considering corporate support.

2. That African students who are funded for training fail to 'qualify' or leave the service. To try to mitigate this risk, the charity bonds students for 5 years.

3. That expatriate managers and local staff in Africa and/or professional help hired in the UK who are settled/trained/inducted with a view to working with 500 miles for a particular length of time don't stay and the investment of time is lost. The charity therefore follows a rigorous selection procedure for African staff. For expatriate staff working in Africa, where there is often less choice, the policy is to wait for the right person rather than to take just anyone to meet a need. The charity requires expatriate staff working in Africa to commit to a minimum period of 14 months although it is recognised that this is unenforceable. The charity is seeking to depend less on expatriate personnel.

A formal risk assessment is carried out annually.

PLANS FOR THE FUTURE AND ASSOCIATED RISKS

Malawi

The 500 miles KCH P&O Centres and the 500 miles Mzuzu P&O Centre

500 miles plans to continue to manage, operate and fund the 500 miles KCH P&O Centre and the 500 miles Mzuzu P&O Centre, all with a view to facilitating handover of the charity's P&O service at both centres to MoH Malawi. In particular, the charity intends to:

- (1) Consolidate and increase production,
- (2) Consolidate, maintain and, where possible, expand the level of its outreach work and seek to work with additional new partners to achieve more thorough and comprehensive coverage of central and northern regions,
- (3) Expand and roll out the charity's own systematic and comprehensive sensitisation and outreach programmes across northern region and to continue its annual outreach initiative in Kasungu District in central region begun in 2016 and continued in 2017,

PLANS FOR THE FUTURE AND ASSOCIATED RISKS (continued)

- (4) Improve the quality of the service it provides, including a full review of the quality control and training needs of its personnel and, at the 500 miles KCH P&O Centre, improvement in the quality of orthotic treatment of burns injuries,
- (5) Continue to integrate its P&O service with KCH and MCH and their services, and in particular to liaise more constructively with the burns ward at KCH,
- (6) At the 500 miles KCH P&O Centre, engage a Malawian to replace the incumbent expatriate manager when she leaves at the end of May 2018,
- (7) Continue to integrate and align its P&O service with that provided by MoH Malawi, and in particular to have personnel currently paid by 500 miles assumed onto the MoH payroll,
- (8) At the 500 miles MCH P&O Centre, make a step change in progress towards handover by starting to work with MCH to forecast the income and expenditure of the facility post handover,
- (9) Increase the self-sufficiency of the centres by maximising income through (a) finding new sources of third party income, (b) finding new third party partners to contribute to the cost of devices and (c) increasing the amount that existing third party partners contribute towards the cost of devices.

The main risks specific to 500 miles' plans for both the 500 miles KCH P&O Centre and the 500 miles Mzuzu P&O Centre are:

- (i) *The expatriate manager becoming ill, not performing well or leaving without sufficient notice.*
- (ii) *The new Malawian manager not performing well.*
- (iii) *MoH Malawi not honouring the Memorandum of Understanding with 500 miles.*
- (iv) *Major accident or injury to non-MoH Malawi personnel.*
- (v) *An alternative non compatible P&O service is introduced to central and/or northern regions of Malawi.*
- (vi) *The charity not being able to find enough in-country income leaving 500 miles to fund too high a percentage of the full cost of production prices. This would make the handing over of the management and control of the centres less viable.*

Consideration of a third 500 miles P&O Centre in Malawi

500 miles would like to be permitted to support the existing MoH Malawi P&O centre at Queen Elizabeth Central Hospital (QECH) in southern Malawi so as to achieve country-wide accessibility of P&O services for all-comers.

The main risk to this aim is that MoH Malawi and/or QECH is/are not supportive.

Zambia

500 miles plans to facilitate access to the P&O services of MoH Zambia on a sound and sustainable basis, to re-establish its outreach work with or through UTH and to continue to provide a complimentary, low level P&O service at St Francis Hospital, all for the benefit of people who cannot afford to pay for these services themselves.

In particular the charity intends to:

- (1) Attempt to reboot the system established in 2015, whereby people who cannot afford to pay for their own P&O devices, but who would not normally be supported by the Zambian government, can access P&O services at UTH under referral and with sponsorship from 500 miles, all with the cooperation of the staff at UTH.
- (2) Facilitate a system by which Beit CURE can refer its patients directly to UTH with sponsorship from 500 miles.
- (3) Renew and expand the charity's current MoU with MoH Zambia to include commitments from MoH Zambia around (a) a system for approving local and walk-in patients for sponsorship by 500 miles, (b) ring fencing income generated by the sponsorship of devices by 500 miles for the benefit of the P&O department at UTH without reducing the existing contribution of UTH/MoH Zambia, (c) ensuring a continuous supply of stock for the fabrication of devices and

PLANS FOR THE FUTURE AND ASSOCIATED RISKS (continued)

- (d) taking responsibility for the risks involved in the outreach work to be funded by 500 miles as part of the service of MoH Zambia.
- (4) From a base at SFH, continue to provide and fund low-level P&O services (repairs and adjustments and simple orthoses) and to assess and refer people for P&O treatment at UTH through outreaches to be arranged and funded by 500 miles or direct to UTH.
- (5) Re-establish the charity's practice of arranging and funding outreach trips through UTH to (a) Mongu Cheshire Home, (b) St Francis Hospital and (c) Chitokoloki Mission Hospital.
- (6) Continue to fund 500 miles' former representative in Lusaka, who is employed by MoH Zambia, to study at Mobility India for a two-year diploma.

The main risks specific to 500 miles' plans to facilitate access to the P&O services of MoH Zambia and to re-establish its outreach work on a sustainable basis, for the benefit of the poor, and additionally to provide complimentary low level P&O services at St Francis Hospital are:

- (i) *Non-cooperation and/or poor performance by the manager and/or staff at UTH on whom the charity is dependent for administration, quality of devices, reliability of service and following the processes set out in the proposed MoU. If this cannot be achieved, the charity will have to either find a new way of working in Zambia or cease to operate there.*
- (ii) *Lack of cooperation by UTH and/or Beit CURE around the referral of patients by Beit CURE to UTH with sponsorship from 500 miles.*
- (iii) *MoH Zambia/UTH do not cooperate with the scheme set out in the proposed MoU, as described above. Failure to adhere to a system for approval for sponsorship and/or failure to maintain a continuous supply of stock would frustrate the scalable model which the charity is trying to re-establish and operate and failure to ring fence income generated by 500 miles for the P&O department at UTH would destroy the sustainability of the model. Continued lack of cooperation by MoH will mean that the charity will have to either find a new way of working in Zambia or cease to operate there.*
- (iv) *MoH/UTH increase the price of P&O devices to a level which makes the charity's model unviable.*
- (v) *St Francis Hospital do not support 500 miles' low-level P&O service which is operating there and/or 500 miles' P&O outreach services to St Francis Hospital.*
- (vi) *St Francis Hospital and/or Mongu Cheshire Home and/or Chitokoloki Mission Hospital do not plan and organise outreach initiatives efficiently.*
- (vii) *MoH Zambia withdraw paid study leave to the current student at Mobility India which would leave the charity having to fund his family's living costs in Lusaka as well as his costs in India.*
- (viii) *Lack of control over the quality of the P&O services supported by 500 miles.*

Training

500 miles will continue to help fund the training of Malawian and Zambian orthopaedic technologists to diploma and degree level to meet the demands of the 500 miles KCH P&O Centre, the 500 miles Mzuzu P&O Centre, a possible third P&O centre in Malawi, and in Zambia, the Zambian government's P&O service at UTH and small outreach posts for this service.

Other Activities

500 miles will initiate plans for the charity's next large fundraising initiative, which will take place within the next one to two years. A fundraising cycle in Malawi is being organised for September 2018.

A newsletter will be produced and thereafter a shorter newsletter will be produced every six months. The main charity leaflet will be updated and reprinted. The website will be fully updated.

500 miles will continue to promote regular donations to One Smile by standing order.

Third party fundraising will continue to be supported. The charity will promote online donating and fundraising through the Virgin Money Giving in priority to Just Giving.



PLANS FOR THE FUTURE AND ASSOCIATED RISKS (continued)

The trustees would again like to offer a big thank you to all those who have supported the charity through donations and collaboration during the year.

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing document

500 miles is a charitable association governed by a constitution for an unincorporated association and approved by the Office of the Scottish Charity Regulator (OSCR).

The original constitution was updated on 29 June and 8 July 2008 and 1 May 2011. The constitution is considered by the trustees on an annual basis.

Recruitment and appointment of trustees

The constitution states that the body of trustees shall consist of the officers of the charity (currently Olivia Giles) together with such additional number of trustees as the said body may determine from time to time. The trustees are as listed on page 13.

Gillian Hastings resigned as a trustee and Susan Davie became a trustee, both with effect from 27th April 2017. The trustees continue to review the composition of the trustee board to ensure an appropriate range of skills and experience are involved to oversee the development and running of the charity. The constitution provides that all new trustee appointments are ratified at the first annual general meeting of the charity following the date of appointment.

Trustees induction and training

All current trustees are familiar with the planned development and practical work of the charity and are all knowledgeable in respect of the main charitable activities.

New trustees will be given a suitable induction including an initial meeting with the chairman and the board an induction pack with:

- main documents setting out operational framework including the constitution
- current financial position as set out in the latest published accounts
- board minutes
- briefing on the obligations of the trustee group

Organisational structure

The board of the trustees meets at least twice throughout the year.

The day to day operations are delegated to the Executive Officer who is unpaid. All key decisions are ratified by the board.

The charity has no paid employees in the UK but it engages the services of a copywriter and a website designer to support its marketing and communications and occasionally the services of an administrator, all on an ad hoc basis.

The charity engages the services of two to three expatriates as full time managers of its two projects in Malawi as well as the services of eight to nine Malawians, all on a full-time and ongoing basis. These arrangements are expressly not contracts of employment but rather contracts for services. In Zambia, the charity pays the salary of one Zambian based in Katete.

There are no plans to change the organisational structure of the charity over the next few years.

Accounting period

The accounting period of the charity is the calendar year to 31st December.



LEGAL & ADMINISTRATIVE INFORMATION

CHARITY NAME	500 miles
CHARITY NUMBER	SC038205
TRUSTEES	Susan Dalgety Susan Davie (Appointed with effect from 27 th April 2017) Robin Garrett Olivia Giles (Chairman, Treasurer and Executive Officer) Gillian Hastings (Resigned with effect from 27 th April 2017) James Robb Jane Salmonson
SECRETARY	Olivia Giles
PRINCIPAL ADDRESS AND REGISTERED OFFICE	Box 500 44-46 Morningside Road Edinburgh EH10 4BF
BANKERS	Adam and Company 25 St Andrew Square Edinburgh EH2 1AF Standard Chartered Bank Zambia (Until May 2017) PO Box 31934 Manda Hill Lusaka Zambia Opportunity International Bank Malawi (Until end October 2017 when it was taken over by First Merchant Bank) Area 4 plots 046-047 Old Town Lilongwe Private Bag A71 Lilongwe Malawi First Merchant Bank (From November 2017) Old Kandodo Building Kamuzu Procession Road Lilongwe Private Bag 85 Lilongwe Malawi FDH Bank Malawi Mzuzu Branch Mzuzu Private Bag 209 Luwinga Mzuzu
INDEPENDENT EXAMINER	Mark W Barnish FCA 5 Michaels Close Newcastle-under-Lyme ST5 8QY



STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the trust at the end of the year and of their financial activities during the year then ended. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 trust will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the trust and which enable them to ensure that the financial statements comply with The Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the constitution of the trust. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the trust and to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT EXAMINER

So far as the trustees are aware, there is no relevant accounting information of which the charity's independent examiner is unaware, and each trustee has taken all the steps he ought to have taken as a trustee in order to make himself aware of any relevant accounting information and to establish that the charity's independent examiner is aware of that information.

Approved by the trustees on 6th August 2018 and signed on their behalf by:

A handwritten signature in black ink that reads "Olivia Giles".

O Giles
Secretary



**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
500 miles (Charitable Association)**

Independent Examiner's Report to the Trustees of 500 miles Charitable Association)

I report on the financial statements of the charity for the year ended 31 December 2017 which are set out on pages 16 to 27.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations does not apply.

It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations have not been met, or,
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

A handwritten signature in black ink, appearing to read "M. W. Barnish".

Mark W Barnish
Chartered Accountant (FCA)
5 Michaels Close
Newcastle-under-Lyme
ST5 8QY

7th August 2018

500 miles (Charitable Association)



STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2017

	Note	Unrestricted Funds 2017	Restricted Funds 2017	Total 2017	Total 2016
		£	£	£	£
INCOME FROM					
Donations	2	68,795	47,671	116,466	122,191
Charitable activities	3	11,767	0	11,767	14,995
Investment income	4	3,690	0	3,690	2,216
TOTAL INCOME		84,252	47,671	131,923	139,402
EXPENDITURE ON:					
Raising funds		8,535	0	8,535	9,674
Charitable activities	5	189,723	53,588	243,311	250,636
TOTAL EXPENDITURE		198,258	53,588	251,846	260,310
NET INCOME / (EXPENDITURE)		(114,006)	(5,917)	(119,923)	(120,908)
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS	15	(114,006)	(5,917)	(119,923)	(120,908)
Total Funds Brought Forward		532,958	25,721	558,679	679,587
TOTAL FUNDS CARRIED FORWARD		418,952	19,804	438,756	558,679

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 15 to the financial statements. The notes on pages 19 to 27 form part of the financial statements.



BALANCE SHEET
As at 31 December 2017

	Note	Total Funds 2017 £	Total Funds 2016 £
CURRENT ASSETS			
Debtors	11	-	41
Cash at bank & in hand		438,756	558,638
		<u>438,756</u>	<u>558,679</u>
LIABILITIES			
Creditors amounts falling due within one year	12	-	-
NET CURRENT ASSETS		438,756	558,679
Creditors amounts falling due after one year		-	-
TOTAL NET ASSETS		<u><u>438,756</u></u>	<u><u>558,679</u></u>
THE FUNDS OF THE CHARITY			
Restricted income funds	15	19,804	25,721
Unrestricted income funds- general funds			
Designated funds	15	105,500	110,150
General Funds		313,452	422,808
TOTAL CHARITY FUNDS	15	<u><u>438,756</u></u>	<u><u>558,679</u></u>

The financial statements on pages 16 to 27 were approved by the board of trustees on 6th August 2018 and signed on its behalf by:

Olivia Giles

O Giles
Chairman

500 miles (Charitable Association)



STATEMENT OF CASH FLOWS For the year ended 31 December 2017

	Note	2017		2016	
		£	£	£	£
Cash flows from operating activities:	A				
Net cash provided by operating activities			(123,572)		(123,884)
Cash flows from investing activities:					
Interest received		3,690		2,216	
Net cash provided by investing activities			3,690		2,216
Cash flows from financing activities		-		-	
Net cash provided by (used in) financing activities			-		-
Change in cash & cash equivalents in the reporting period			(119,882)		(121,668)
Cash & cash equivalents at the beginning of the year			558,638		680,306
Change in cash & cash equivalents due to exchange rate movements			-		-
Cash & cash equivalents at the end of the reporting period	B		438,756		558,638

NOTES TO THE STATEMENT OF CASH FLOWS

A. Reconciliation of net income to net cash flow from operations			Total Funds 2017	Total Funds 2016
			£	£
Net income for the reporting period (as per the statement of financial activities)			(119,923)	(120,908)
Interest			(3,690)	(2,216)
Decrease in debtors			41	740
(Decrease)/increase in creditors			-	(1,500)
Net cash provided by operating activities			(123,572)	(123,884)

B. Analysis of cash and cash equivalents	At 1 January 2017	Cash flows 2017	Other changes 2017	At 31 December 2017
	£	£	£	£
Cash in hand	558,638	119,882	-	438,756
Total cash & cash equivalents	558,638	119,882	-	438,756



NOTES TO THE FINANCIAL STATEMENTS For the 12 months ended 31 December 2017

ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention and are in accordance with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note

The trustees consider that there are no material uncertainties about the ability of the charity to continue as a going concern for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

PUBLIC BENEFIT ENTITY

The Charitable Association meets the definition of a public benefit entity under FRS 102.

KEY JUDGEMENTS AND ESTIMATION UNCERTAINTY

In preparing the financial statements the trustees have not needed to exercise any judgements which have had a significant effect on the amounts recognised in the financial statements.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

INCOME

Income is recognised when the charity is legally entitled to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers.



NOTES TO THE FINANCIAL STATEMENTS For the 12 months ended 31 December 2017

FUND ACCOUNTING

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets that specified purpose is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for general charitable purposes.

Designated funds are unrestricted funds which from time to time may be earmarked by the trustees for particular purposes for the future. There are currently no designated funds for the charity.

FOREIGN CURRENCY

Transactions in foreign currencies are converted into sterling using the average exchange rate during the year except for (1) closing cash balances which are converted at prevailing rate at the balance sheet date and (2) movement of funds from GBP accounts to foreign currency bank accounts which are converted at the actual exchange rate at the time. Exchange rate differences are taken into account in arriving at the operating result.

EXPENDITURE AND IRRECOVERABLE VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in attracting third parties to make voluntary contributions to it, as well as the costs of any activities with a fundraising purpose;
- Charitable activities: includes all expenditure directly related to the objects of the charity and comprise the following in respect of ongoing activities which are, in summary the development and delivery of P&O devices in two African nations; the management of the facilities in Malawi which offer these services, assistance to the facilities in Malawi and Zambia to maintain and expand them and the support for training of various personnel to support the 500 miles projects where established. For 2017 these comprised:
 - Malawian project: costs attributable to management, operation and funding of P&O workshops and fitting of P&O devices to patients at the two separate centres of Kamuzu and Mzuzu Central Hospitals and funding outreach services.
 - Zambian project: costs attributable to supporting UTH to deliver P&O devices to local and walk-in patients in Lusaka and on outreach to three destinations and the costs of delivering 'low level' prosthetic and orthotic devices to poor people at Beit Cure Hospital and at St Francis Hospital.
 - Training project: costs attributable to the ongoing training of Malawians and Zambians in Cambodia and India and through distance learning through a German university to meet the future needs of Malawi and Zambia for qualified P&O personnel.
- Governance: includes the cost of the external audit, trustee expenses and ad hoc administrative expenses.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.



NOTES TO THE FINANCIAL STATEMENTS
For the 12 months ended 31 December 2016

ALLOCATION OF SUPPORT COSTS

Due to the structure and organisation of the charity, support costs comprise solely of interest paid and exchange rate differences which are not material to the overall charitable activity expenditure. As such these are not specifically allocated to individual projects.

CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS

For the 12 months ended 31 December 2017

1. DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2016	Restricted Funds 2016	Total Funds 2016
	£	£	£
INCOME FROM			
Donations	106,738	15,453	122,191
Charitable activities	14,995	-	14,995
Investments	2,216	-	2,216
TOTAL INCOME	123,949	15,453	139,402
EXPENDITURE ON:			
Raising funds	9,674	-	9,674
Charitable activities	233,952	16,684	250,636
TOTAL EXPENDITURE	243,626	16,684	260,310
NET INCOME	(119,677)	(1,231)	(120,908)
Transfers between funds	500	(500)	-
NET MOVEMENT IN FUNDS	(119,177)	(1,731)	(120,908)
Total Funds Brought Forward	652,135	27,452	679,587
TOTAL FUNDS CARRIED FORWARD	532,958	25,721	558,679

NOTES TO THE FINANCIAL STATEMENTS

For the 12 months ended 31 December 2017

2.	DONATIONS	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
	Individuals & Corporates	59,545	41,671	101,216	113,191
	Charitable Trusts	9,250	6,000	15,250	9,000
	Donations	68,795	47,671	116,466	122,191

All income in this category arose from donations through fund raising.

3.	INCOME FROM CHARITABLE ACTIVITIES	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
	Malawi Project, device sales	11,767	-	11,767	14,495

4.	INCOME FROM INVESTMENTS	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
	Bank interest	3,690	-	3,690	2,216

NOTES TO THE FINANCIAL STATEMENTS

For the 12 months ended 31 December 2017

5.	EXPENDITURE ON CHARITABLE ACTIVITIES	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
		£	£	£	£
	Malawi project	161,275	31,780	193,055	185,266
	Zambian project	26,829	15,891	42,720	56,566
	Flyspec project		1,200	1,200	650
	Mzuzu Central Hospital Build Project & Kamuzu Central Hospital refurbishment		4,717	4,717	581
	MARA Tanzania Project				4,183
	Support Costs (note 6)	1,051		1,051	(62)
	Governance costs (note 7)	568		568	3,452
		189,723	53,588	243,311	250,636

Within the above expenditure, there is a total of £31,229 training expenditure.

6.	SUPPORT COSTS	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
		£	£	£	£
	Bank Charges	379	-	379	411
	Exchange rate differences	672	-	672	(473)
		1,051	-	1,051	(62)

7.	GOVERNANCE COSTS	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
		£	£	£	£
	Trustee Expenses	351	-	351	115
	Administration	217	-	217	157
	Audit	-	-	-	3,180
		568	-	568	3,452

8. STAFF COSTS & NUMBERS

The charity employed no staff during the financial year.

9. TRUSTEES' REMUNERATION & RELATED PARTY TRANSACTIONS

The trustees, neither received, nor waived, any emoluments during the year. Expenses of £352 were reimbursed to one trustee and no other related party transactions occurred.

10. AUDIT FEES (included in governance costs in note 5 above)	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
	£	£	£	£
Audit Fees	-	-	-	3,180

NOTES TO THE FINANCIAL STATEMENTS

For the 12 months ended 31 December 2017

11. DEBTORS	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
	£	£	£	£
Accrued income	-	-	-	41
	-	-	-	41

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
	£	£	£	£
Accruals	-	-	-	-

13. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017
	£	£	£
Net current assets	418,952	19,804	438,756

NOTES TO THE FINANCIAL STATEMENTS

For the 12 months ended 31 December 2017

15.	MOVEMENTS IN FUNDS	Fund balances at the start of the year	Income & Gains	Expenditure & Losses	Transfers	Fund balances at the end of the year
		£	£	£	£	£
	Restricted funds					
	Training	-	5,000	(5,000)	-	-
	Flyspec	14,489	-	(1,200)	-	13,289
	Mzuzu Central Hospital Build Project & Kamuzu Central Hospital refurbishment	11,232	-	(4,717)	-	6,515
	One Smile	-	42,671	(42,671)	-	0
	Total restricted funds	25,721	47,671	(53,588)	-	19,804
	Unrestricted funds					
	Designated Funds	110,150	-	(110,150)	105,500	105,500
	General funds	422,808	84,252	(88,108)	(105,500)	313,452
	Total unrestricted funds	532,958	84,252	(198,258)	-	418,952
	TOTAL FUNDS	558,679	131,923	(251,846)	-	438,756

RESTRICTED FUNDS

Training

The £5,000 in 2017 from Shoe Zone Trust is towards the costs of training a Malawian who is doing a 3-year diploma course in Cambodia.

FlySpec

This fund represents donations which were intended for the charity's work with FlySpec, a Zambian charity which delivers orthopaedic surgery to remote parts of Zambia. These funds are used for our outreach work and to cost share with FlySpec on transport.

Mzuzu Central Hospital & Kamuzu Central Hospital refurbishment

This fund was created for the construction of the 500 miles MCH P&O Centre in Mzuzu during 2012. A large grant was received from Maitri for this project, which was not fully spent and Maitri agreed 500 miles could hold the balance. In April 2017 Maitri gave permission to 500 miles to apply any balance held by the charity from Maitri towards the upkeep of the MCH P&O Centre and the KCH P&O Centre.



NOTES TO THE FINANCIAL STATEMENTS
For the 12 months ended 31 December 2017

One Smile

Funds received expressly for One Smile or for direct patient service are allocated to One Smile. We only allocate funds in the One Smile restricted fund to buying materials and components and other expenses of actual production and paying for devices.

DESIGNATED FUNDS

The trustees recognise that at the balance sheet date, in their opinion they had effectively made commitments for the financial year ending 31 December 2018 to fund certain expenditure relating to the projects detailed in the trustees' report, in respect of (1) managers working at the 500 miles KCH P&O Centre and the 500 miles MCH P&O Centre in Malawi, (2) monthly payments to one Zambian and (3) the training of four of students in Africa, Cambodia and India. These commitments have been assessed to total £105,500 and will be discharged over the course of that financial year.