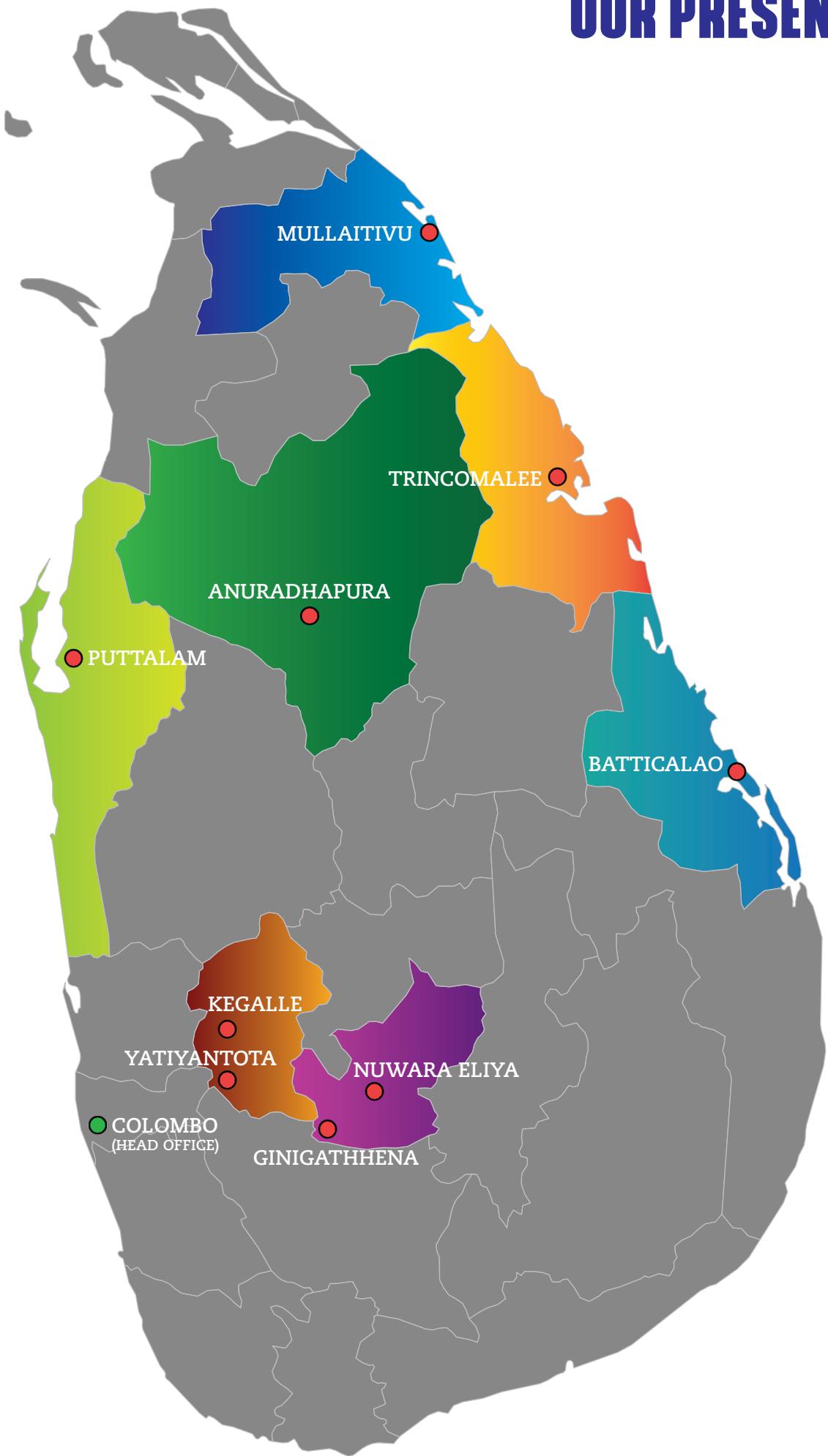


# PROSPER THROUGH EMPLOYABILITY



# OUR PRESENCE



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# ABOUT US

## OUR VISION

*"Our Vision is to create an empowered, equitable society where poverty does not exist"*

## OUR MISSION

*"Our Mission is making rural and plantation youth productive members of society by enabling them to find employment and income through education, career guidance, vocational training and job linkages"*

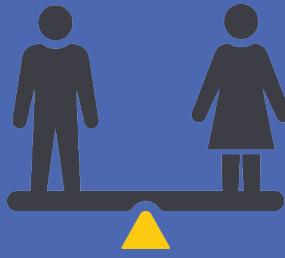
## OUR CORE VALUES

### Anti-Corruption



Berendina Employment Center has a zero-tolerance to corruption. This applies to staff, training partners, youth, students and when dealing with authorities.

### Gender Equality / Gender Mainstreaming



Berendina Employment Center advocates for gender equality and mainstreaming by encouraging young women to receive vocational and professional training. This is done through partnerships with likeminded organizations and mobilizing VTIs to enroll female youth. Equal opportunities are also provided for our staff.

### Transparency



Berendina Employment Center's procedures aim to give full transparency in resources used and optimize the application of those resources to serve our mission.

### Anti-Discrimination



Berendina Employment Center is committed to the principle of equal employment and education opportunities. We provide an environment free of Discrimination and harassment on the grounds of gender, race, disability, sexual orientation, or parental or marital status.

# WHO WE ARE

## BERENDINA GROUP

Established in 1987 by a Dutch Philanthropist Mrs. Berendina Borst, Berendina Group is one of Sri Lanka's leading Non-Profit organizations working towards poverty alleviation. The Group consists of Berendina Development Services (BDS), Berendina Employment Center (BEC) and Berendina Micro Investments Company (BMIC).

## BERENDINA EMPLOYMENT CENTER (GUARANTEE) LIMITED

Berendina Employment Center (BEC) commenced its activities in the year 2000 with the overall objective of uplifting the lives of marginalized youth. Since inception, BEC has linked over 18,861 youth with employment opportunities and provided over 10,343 professional/ vocational training scholarships with a success rate of 65% of youth obtaining employment/ self-employment within a year of training. Over 300 companies including some of the leading companies in Sri Lanka have utilized the services offered by BEC. BEC has also awarded over 5,000 scholarships to talented students under taking their O/L and A/L examinations in rural and plantation areas, so that they have the ability to continue their studies without interruption.

## OUR CORE ACTIVITIES

01

**CAREER GUIDANCE  
& COUNSELING**

02

**PROFESSIONAL &  
VOCATIONAL TRAININGS**

03

**JOB LINKING WITH THE  
PRIVATE SECTOR**

04

**BRIGHT STUDENTS  
SCHOLARSHIPS**

# OUR APPROACH

Youth are the future generation, and they have the potential to transform the economy. Therefore, BEC works with the private sector, institutions and the government to provide youth with necessary skills and opportunities they need to succeed.

BEC connects youth with profitable and productive employment opportunities after carefully analyzing their qualifications and previous work experience. Youth are also provided with required career counseling and guidance and are further encouraged to attend vocational and professional training programs. Out of the identified youth, BEC offers Vocational Training or Professional Training scholarships for deserving youth to improve their employability. BEC maintains a database of vocational training scholarships provided and follows up periodically to assess their progress and continues providing assistance until they find jobs.

BEC also awards scholarships annually to talented and keen underprivileged students in the rural and plantation areas. Students from poor families with a per capita income of less than Rs. 5,000 per month is eligible for the program. However, the students are required to have at least 6 credit passes, including a 'B' pass for Mathematics from the G.C.E Ordinary Level examination. This scholarship program enables students to effectively carry out their Advanced Level studies.

Most technical training courses alone do not generate high rates of employment due to lack of soft skills and proficiency in English language. Therefore, BEC identified the need to focus on developing these skills among youth. Following the training, they are connected to relevant vocational

trainings and jobs. In order to further demonstrate results in maximizing employment and income, BEC also links youth with relevant credit providers.

# MILESTONES

**2017**

Conducted a study for a new strategy for the organization.

**2015**

BEC branched from BDS and established as a separate organization as amended by Act No. 08 of 1998

**2007**

Berendina Development Services (Gte) Ltd. was re-registered under the company Act No. 07 of 2007.

Berendina Microfinance Institute (Gte) Ltd (BMI) was established.

**2005**

Berendina Development Services (Gte) Ltd (BDS) was established with the registration under the Company Act No. 17 of 1982.

**1997**

Berendina Foundation was established.

**2016**

Registered as a Non-Government Organisation under Voluntary Social Services Organisation Act No. 31 of 1980 as amended by Act No. 08 of 1998.

**1987**

A Trust named Berendina Stichting was created in 1987 by Mrs. Borst to continue her work, which she had begun in Sri Lanka before she passed away that same year.

**1992**

Garagoda Development Project was started in Sri Lanka by three consultants appointed by Berendina Stichting

**1982**

Mrs.Berendina Borst from the Netherlands first visited Sri Lanka.  
Inception of Berendina in Garagoda, Yatiyanthotan

# OUR PARTNERS



Chrysalis



National Apprentice  
and Industrial  
Training Authority



Department of  
Technical Education  
& Training



World vision  
Sri Lanka



Jetwing  
Hotels



Voice Area  
Federation



Sarvodaya Shramadana  
Movement



Give to Lanka



National Youth  
Services Council



Vocational Training  
Authority



World University  
Service of Canada

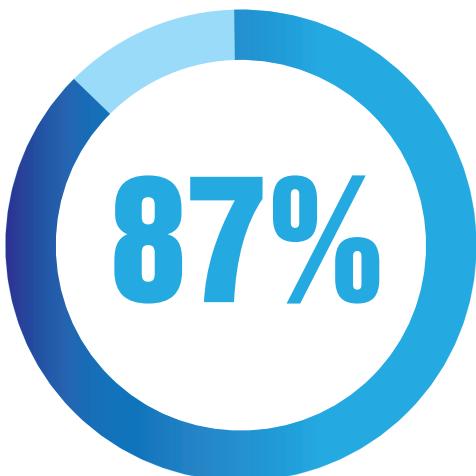


Tea Leaf Vision



You Lead

# FINANCIAL HIGHLIGHTS



Program Expenses



Admin Expenses

## Program wise Expenditure

Education



Skill Development



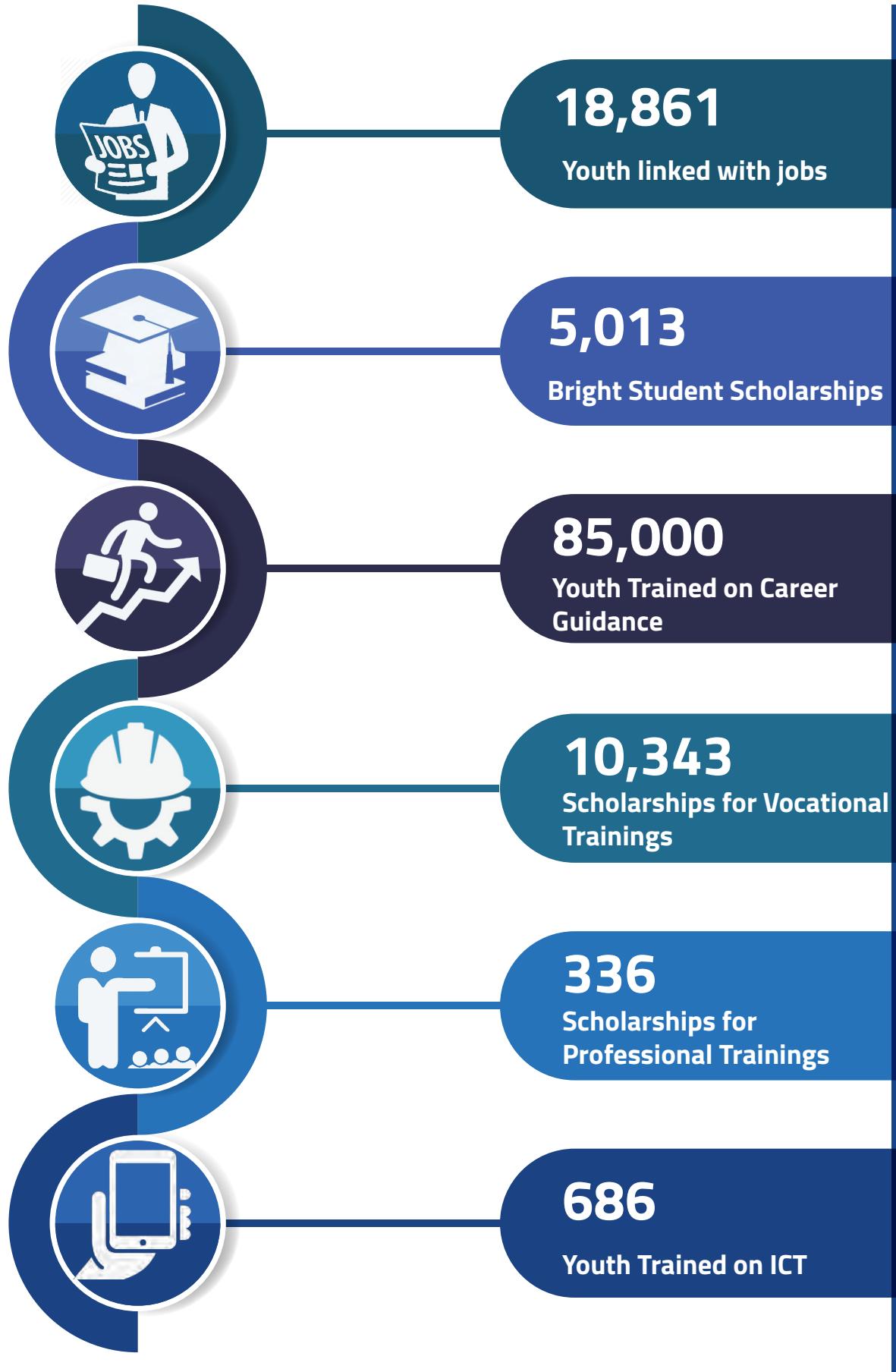
Career Guidance



Job Linking



# BEC AT A GLANCE



# CHAIRMAN'S MESSAGE



I am pleased to present the annual report of Berendina Employment Centre (Guarantee) Limited (BEC) for the year ended 31st December 2017. The mandate of BEC is to improve the employment prospects of youth in poor families by facilitating secondary education, employability skills and establishing linkages with the job market.

Unemployment is a significant and persistent issue in Sri Lanka, and educated young people make up a significant proportion of Sri Lanka's unemployed. This is particularly high in the Central, Eastern and Sabaragamuwa provinces. Large majority of the country's unemployed youth have in fact completed their G.C.E Advanced Level,

demonstrating that they have attained a reasonable level of education. In total during the year under review, BEC has been able to link 1,350 unemployed youth with the private sector to start their careers.

However, lack of proper career guidance systems or a systematic link between secondary education and job skills training such as professional education and vocational training leaves majority of school leavers without access to skills required by the job market. Consequently, this leads school leavers to find unskilled or casual jobs. To address this issue BEC continued to provide career guidance and counseling services to youth, enabling them to identify, and pursue a career that suit them. They were also connected with relevant private vocational training (VT) providers to improve their knowledge and skills. Scholarships were too provided to 381 youth from economically disadvantaged families to undertake these trainings.

One of the new areas initiated by BEC during this year was developing Soft Skills including English language. BEC has identified that poor English language skills and lack of soft skills often refrain especially rural and plantation youth from entering in to employment in the private sector. BEC also provided supplementary training opportunities for youth to improve their English language proficiency, and enhance their communication, critical thinking and problem-solving abilities. Since youth lack information and links to employment opportunities, BEC also facilitated a number of job fairs and connected youth to prospective private sector employers.

A significant initiative of BEC in 2017 was the introduction of professional training where BEC

partnered with institutes such as AAT business school, IPM and E-Soft. 336 youth have been provided with scholarships for professional education during the year.

Another area BEC considered as important was providing a training on 'how to use their SMART phones or computers to search training and employment opportunities'. BEC undertook a survey of youth that approach BEC in search of jobs, to find out the availability of SMART phones or access to computers with internet. It was found that 72% percent of youth use smart phones or computers to search for job opportunities. It was further found that 43% do not use such mediums to search career related information, but instead is largely used for social media communication. In order to test the hypothesis that youth have better access to training and employment opportunities if they are motivated to use ICT, BEC conducted trainings on ICT so that youth are able to acquire information related to job opportunities from their mobile phones and the internet.

Supporting Advanced level education of Bright but Poor students was another activity that BEC continue to undertake. Under this Bright Students Scholarship (BSS) program, Scholarships were awarded to students from economically disadvantaged families to pursue their secondary education and BEC facilitated parent student mentoring programs to enhance their commitment to provide motivation and a better learning environment for their children and prepare them to face examinations courageously. We have provided 2,924 scholarships to the value of Rs 24,905,546 during the year under review.

BEC understands the context within which it is operating, and have thus been evolving with it. BEC changed its program approach and activities in line with those developments. However, BEC also sees that the changes in increased government involvement in similar types of activities as BEC

and having access to ICT for youth are significant changes that BEC should seriously consider in its future programs. Therefore, BEC will undertake an in depended study on these areas and plan its strategy for the future in line with those findings during the first half of the coming year 2018.

I am very grateful to Berendina Stichting for providing the opportunity to establish such a wonderful organization in Sri Lanka and for the continuous support in governance, program development and funding the organisation. I also thank the board of directors of BEC for excellent cooperation and continuous support during the year. The partners including technical partners, funding partners, training partners and all other partners who have helped us continuously by providing various forms of assistance to make our work successful are also greatly appreciated. I am very pleased to express my sincere thank you to the General Manager, Heads of Departments and the staff who have contributed tirelessly in an innovative manner to make a successful year contributing to our journey and realizing our vision of 'Creating and empowered equitable society where poverty does not exist'.



Mr. Anura H. Athapaththuge  
Chairman

# BOARD OF DIRECTORS



**Anura H. Atapaththuge**  
*Chairman*

Mr. Anura Atapattu is a board director of Berendina group and Chairman of Berendina Employment Center (Gte) Ltd. He has an Extensive management and consultancy experience in Micro finance and enterprise development services, for local and international organizations including World Bank, Asian Development Bank, United Nations Development Programme, Women's World Banking and Mix Market. He holds a Masters of Business Administration from the University of Lincoln, UK, a Postgraduate Diploma in Economic Development, Certificate in Agriculture Extension and Rural Development from the University of Reading and a B.Sc. in Agriculture (Special) Sri Lanka.

#### **Current Appointments**

- Chairman : Berendina Employment Center (Guarantee) Limited
- Managing Director: Berendina Micro Investments Company Limited
- Chairman : Berendina Development Services (Guarantee) Limited
- Chairman : Berendina Microcredit Institute (Guarantee) Limited

**Jagath C. Godakanda**  
*Director*

Mr. Jagath Godakanda is a board director of Berendina Group and Director of Berendina Employment Center (Guarantee) Ltd. He is an Independent Consultant for local & international organizations in enterprise development. He holds a B.Sc. in Agriculture (Special) (Sri Lanka) and a Postgraduate Diploma in Business Management from the National Institute of Business Management.

#### **Current Appointments**

- Chairman : Berendina Micro Investments Company Limited
- Director : Berendina Employment Center (Guarantee) Limited
- Director : Berendina Development Services (Guarantee) Limited
- Director : Berendina Microcredit Institute (Guarantee) Limited

# CORPORATE MANAGEMENT TEAM



**Hemantha Harishchandra**  
*General Manager*



**Priyankara C. Nirmal**  
*Head of Finance*



**Kapila Subasinghe**  
*Head of HR and Admin*



**Nirosh Madhusanka**  
*Manager Monitoring Evaluation & Knowledge Management*



**Madhushan Samaranayake**  
*Assistant Manager HR*



**Jayatissa Manamperi**  
*Senior Manager*



**Dakshina Tharanga**  
*IT Manager*



**Ranjith Pushpalal**  
*Accountant*

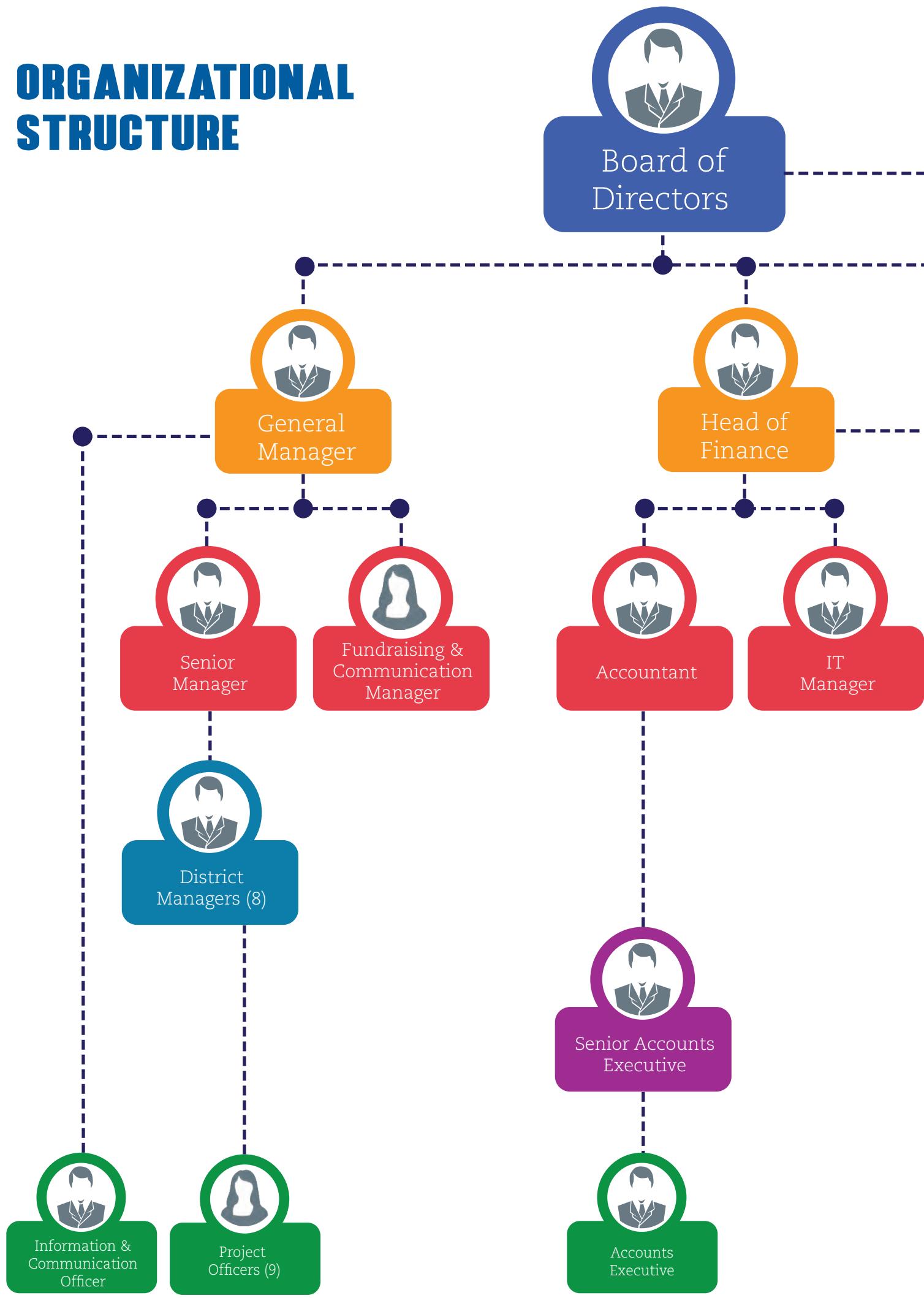


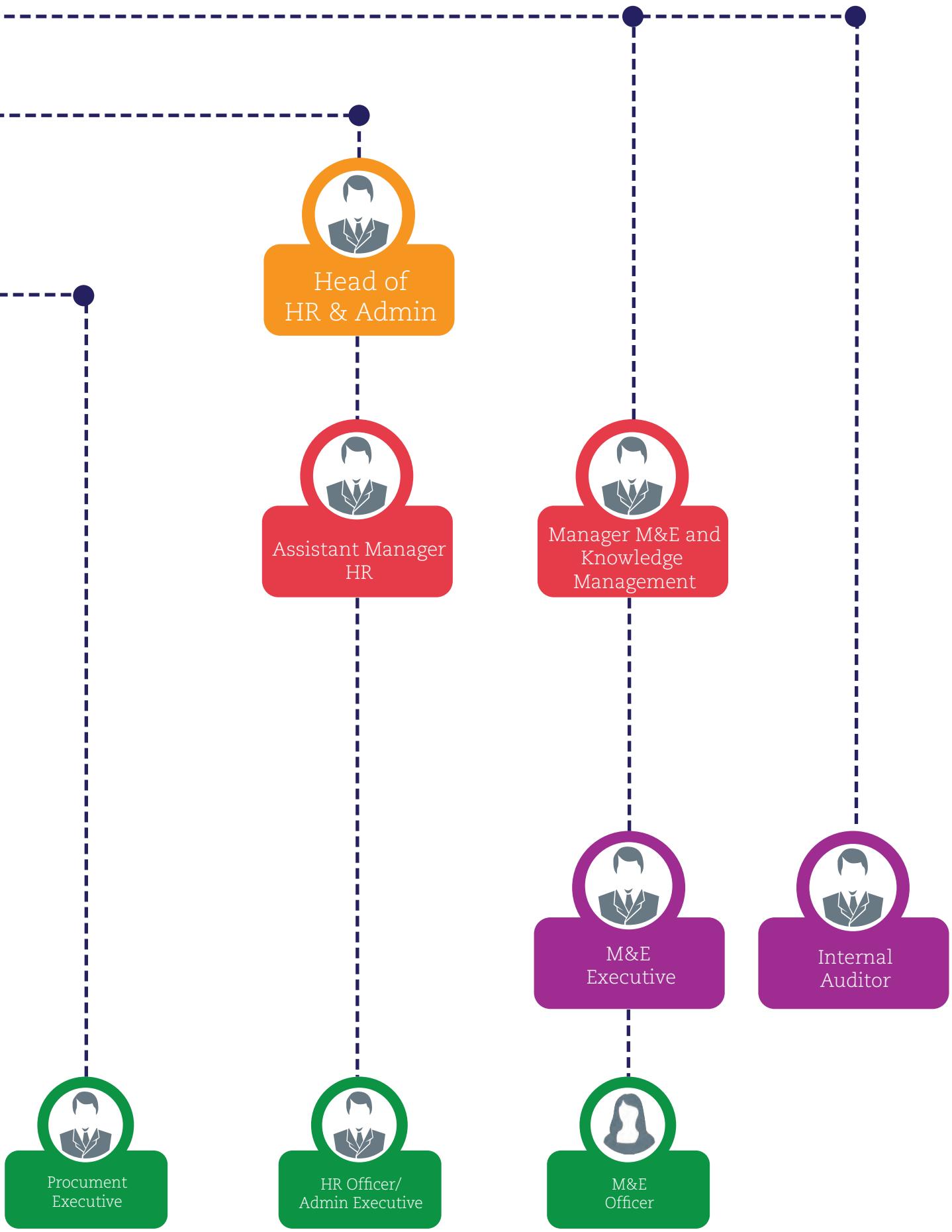
**Deshan Dharmasena**  
*Information & Communication Officer*



**Nimaya Peiris**  
*Manager Fundraising & Communication*

# ORGANIZATIONAL STRUCTURE





# OVERVIEW OF YOUTH EMPLOYMENT IN SRI LANKA

Even though Sri Lanka as a country has made steady progress in achieving the Sustainable Development Goals, it continues to face a number of challenges when it comes to the well-being of youth, particularly in the areas of education and employment. While Sri Lanka's overall unemployment rate is less than 5%, youth unemployment is recorded to be 21.6% in 2016. This indicates that one out of every five economically active youth, are unemployed. However, following changes in the government in the recent past, policies have improved to focus on government services that improve access to career counseling services and vocational training education in Sri Lanka.

Furthermore, the government has initiated job linking services to improve public employment services (PES) in the districts, and has also proposed to provide some of the vocational training courses free of charge. A budget of LKR 300 million has been allocated for this purpose in 2017. Given the demand for skilled labor in apparel, health care, hospitality and construction industries, the government further intends to provide relevant vocational training to 10,000 youth, in collaboration with the private sector and a further LKR 300 million has been allocated to provide a monthly salary of Rs. 10,000 for those undergoing the training. Private sector companies are expected to recruit trainees after completion of the program.

However, there are certain gaps in the implementation of above policies. Therefore, NGOs play a significant role in bridging these gaps. The importance of gender equality, economic growth and sustainable development has also been highlighted at national policy level. Although the

employment rate of women has doubled over the past two decades, social norms often exclude them from higher paying jobs in the formal sector. While the informal sector workforce is dominated by women, they are often engaged in subsistence level economic activities with minimal skills and low productivity, which subsequently result in low income. Furthermore, there are also negative attitudes towards women working in the tourism industry, among communities.

The developments in the field of ICT, mobile phone usage and the internet positively impact sharing of knowledge and information among Sri Lankan communities, especially the youth. It is identified to be one of the key areas that can potentially impact job linking and disseminate career information and skill training among youth.

Youth unemployment based on the educational qualification

	2015	2016
Total	20.8%	21.6%
Grade 5 & Below	4.8%	6.5%
Grade 6 – 10	14.1%	16.3%
G.C.E. (O/L)	23.9%	22.4%
G.C.E. (A/L) & above	34%	32.5%

Source: Department of Census and Statistics – Labor force survey 2016

# OPERATIONAL REVIEW



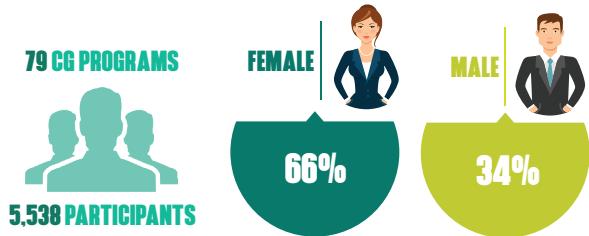
# CAREER GUIDANCE AND COUNSELING

Youth that drop out from school in the rural areas often do not have a clear vision for their future, since they do not have proper guidance to select a career path that match their skills and talents. Therefore, BEC identified career guidance as an essential step in guiding youth to select a suitable career path. Subsequently, BEC successfully conducted 79 career guidance programs for 5,538 youth out of which 1,918 are male and 3,628 are female. While 754 youth successfully chose to follow Vocational Training programs in both private and government institutes, 622 youth chose professional training. Furthermore, 851 youth were directed for job opportunities.

The career guidance programs were conducted with support from a number of Partner organizations

such as World Vision Lanka, E-SOFT, Jet wing, Sarvodaya, WUSC and PLAN Sri Lanka. Programs conducted in the plantation sector was carried out in collaboration with Watawala Plantations and Kelani Valley Plantations. Government institutions such as NYSC, VTA, NAITA and relevant Technical Colleges also extended their support to conduct the sessions.

Additionally, individual career guidance sessions were also conducted at job fairs prior to job referrals, where youth were able to seek employment in their preferred field.



# SOFT SKILLS & ENGLISH LANGUAGE PROFICIENCY OF YOUTH

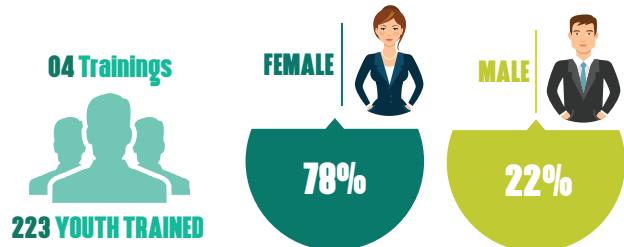
English language proficiency and soft skills such as communication (writing & verbal) skills, critical thinking, leadership and problem-solving abilities have become mandatory to stand out in today's job market. It is however often observed that youth in rural areas do not have sufficient finances to develop such skills. Therefore, BEC initiated a pilot training program in partnership with World Vision Lanka, PHPF, E-Soft and Tea Leaf in Mullaitivu, Anuradhapura, Nuwara Eliya and Batticaloa Districts to provide English language and soft skills development training for youth. Subsequently, 223 youth received both soft skills and English language training. Among which 174 are female youth and 49 are male youth. Key topics covered in the trainings are mentioned below.

- Relationship enhancement – ability to communicate effectively with employers, clients and customers
- Time management, organizational skills and

goal setting

- Leadership skills to improve team work, creativity, efficiency and productivity
- Effective strategies for transition and change
- Problem solving skills

Further to the training, 124 youth were directed to follow professional courses and vocational training courses, and another 51 youth were successfully placed in jobs.



## “A Brother’s Helping Hand”



M. P. Chanuka Prabhath Jayakody (20), lives in Maha Halmillawewa, Maningamuwa, in Anuradhapura District. His father underwent a kidney transplant surgery 6 years ago, and is unable to participate in any income earning activities. Chanaka is the eldest in the family and has a sister who is still schooling. Chanuka's mother is a Samurdhi beneficiary. She also works in a canteen at Ehetuwewa School. Her monthly income is around Rs. 10,000 per month. She is the main breadwinner of the family. When time permits, Chanuka helps his mother in the canteen, and also supports her in a small scale cultivation.

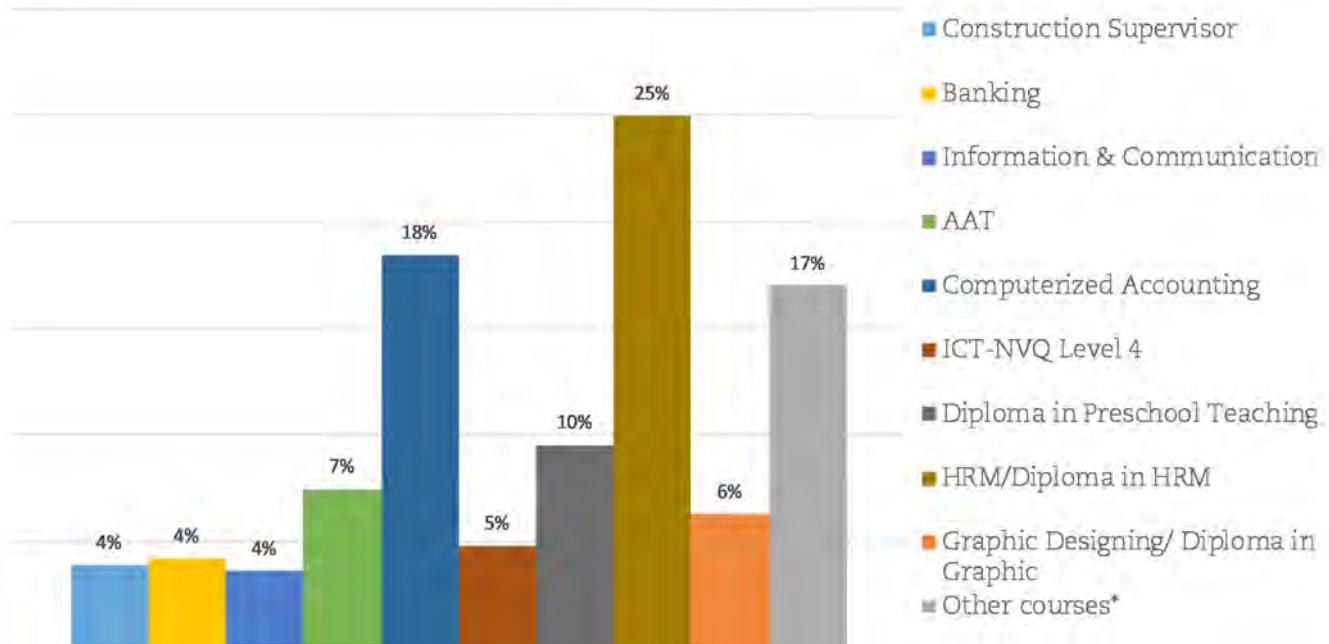
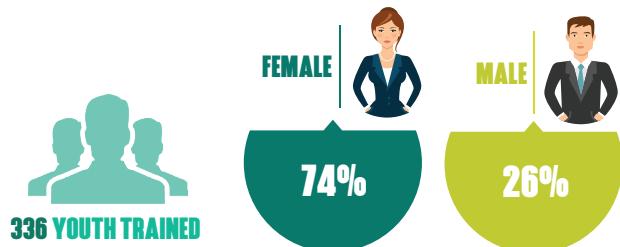
Amidst the difficulties Chanuka faced, he still managed to sit for G.C.E. O/L examination in 2013 and successfully qualified to pursue G.C.E. A/L's in Arts stream. But he was not successful for University Entrance. In the meantime Chanuka heard about

BEC through a friend who has also followed a Professional Training Course and wanted to receive a similar qualification, so that he does not have to be a burden to his mother. Since Chanuka expressed a genuine interest to develop his life and support his mother, he successfully received financial assistance from BEC to follow a Soft-Skills Training program from Anuradhapura E-soft Regional Campus in 2017, after completing his A/L's. After completing the course, with the assistance of BEC, Chanuka managed to find employment as an Accounts Officer at D.P. Nanayakkara Filling Station (Keerthi Filling Station) on a contract basis. He is now earning around Rs. 22,000 per month. He is also able to support his mother and sister's education. Chanuka is very thankful for the support he received from BEC. The career guidance he received has enabled him to find a suitable job. Chanuka aspires to become a successful businessman in the future.

# PROFESSIONAL TRAINING FOR YOUTH

Unemployment rate is comparatively high among G.C.E A/L and G.C.E O/L qualified youth in Sri Lanka. Statistics further indicate that while 32.5% of the total unemployed are A/L qualified, 22.4% are O/L qualified (Census & Statistics, 2016). Although there are a number of available courses that provide professional qualifications for those completing G.C.E A/L or G.C.E O/L, these courses are either too long or too expensive to follow. Therefore, in 2017 BEC provided 336 scholarships for marginalized youth, who have passed their O/L's or A/L's to follow professional training courses, with the collaboration of reputed professional training institutes in Sri Lanka such as AAT business school, BCM campus

and Computer Skill Development Centre. Types of trainings include HRM, Graphic Designing, Office Administration, Pre-School Teaching, Computerized Accounting and Construction Supervision. High participation rates were recorded in computerized accounting and HRM. It was further observed that, professional courses that provide on the job training has an increasing demand. Therefore, BEC encourages youth to follow such courses where they can successfully secure a job, after completing the course.



Other Courses – Advance Diploma in Office Administration, Charted Accountancy, Fiber Optics, Quantity Surveying, etc



### A Breakthrough in Gender Inclusion for Trainings

Occupational gender segregation is a worldwide phenomenon that is identified as one of the contributing factors to the gender gap in income generation. Therefore, BEC in partnership with WUSC conducted a series of youth and parent career counseling programs in Kanthale DSD in Trincomalee District in order to identify female youth who are interested in the field of construction. While 7 female youth were identified based on their interest in construction site supervision, a 3-month theory training was conducted for these youth by High-tech Lanka, followed by another 3-months of on-the-job training. BEC plans to place these youth in jobs, after completing the trainings.

## “Professional Training Goes a Long Way”



Mahendran Mathushini(20) lives in pattiyalidichenai, Kalkudah, in Batticaloa District. Her father is a mason and mother is a housewife. She has a younger sister and a younger brother, who are still pursuing their primary education. Mathushini comes from a family that has encountered many difficulties resulting from the war & Tsunami. Her family's monthly income is around Rs. 18,000 which is solely supported by her father, and is insufficient to cover their day to day expenses. Mathushini is a hard working student who studied at Bt/ Karuwakeny Vickneswara College. She obtained 1A, 2B, 4C and 2S passes from her O/L examination. Furthermore, she also obtained 3C passes from her A/L examination in the Arts Stream. After completing her A/Ls, Mathushini approached BEC in Batticaloa District, to receive professional training to find a job so that she can support her family to overcome their financial difficulties. She was

then placed at the Guide Notion Campus in Batticaloa District to follow an ICT level - 04 training course. BEC provided a professional training scholarship of Rs. 10,000 to cover her course fee. After completing her training, Mathushini was successful in finding employment at Union Assurance as a trainee data entry operator in Valaichenai. She is now earning a monthly salary of Rs. 15,000 per month and is able to contribute to her family's expenses, She also supports her younger sibling's education. Mathushini plans to continue her higher studies in ICT to increase her income to support her family, and save for her future as well. Mathushini says “I am thankful to Berendina for giving me necessary support to receive professional training; and I want Berendina to continue the good work they do to support needy youth like me with job oriented training and assuring us a bright future”.

## “Inoka’s Successful Journey”

Inoka Piyathissa(22) lives in Laval, Bulathkohupitiya in Kegalle District. She has two elder sisters and is the youngest in the family. Inoka’s father is a mason and works in a nearby construction site occasionally. He earns around Rs. 15,000 per month, which varies each month depending on the amount of work available. This income alone is insufficient to cover their family expenses, since Inoka’s mother is suffering from heart disease. Her father is therefore unable to go for a more stable job in Colombo. Inoka sat for her A/Ls in 2015 and obtained 1A and 2Bs in Commerce stream. Inoka met with Berendina officials to sought financial assistance to pursue her level 2 Chartered Accountancy (Business Level) course and was successfully awarded a scholarship of Rs. 20,000 to complete it. No

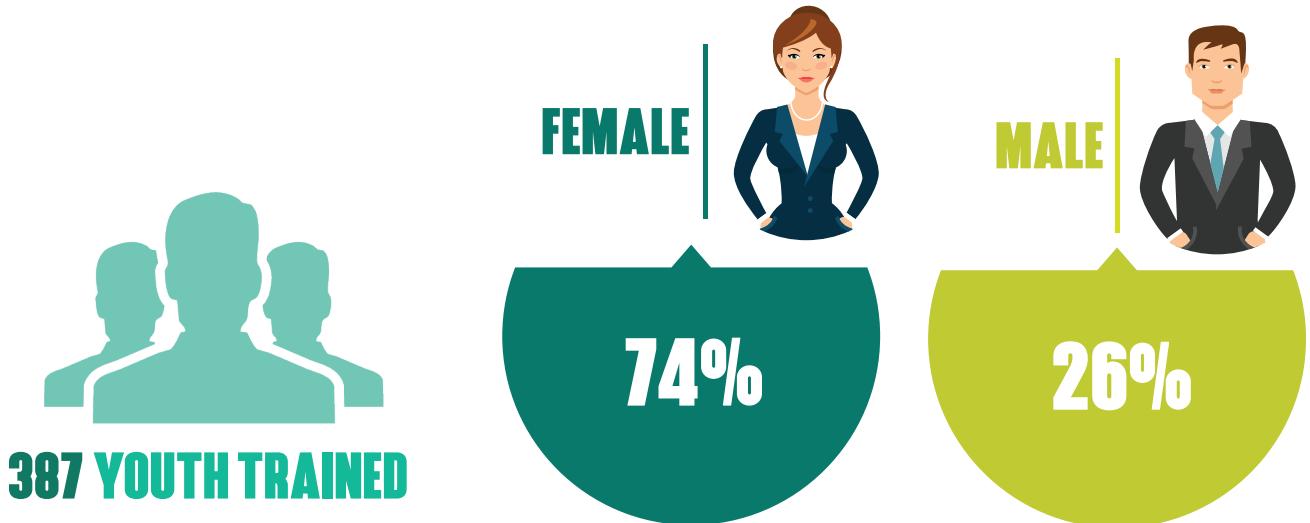
sooner, Berendina informed her of a clerical job which she gracefully accepted, since her class schedules are only on Sundays. Inoka is now working at Dumindu Tyre House in Ruwanwella as a clerk cum sales coordinator and receives a monthly salary of Rs. 20,000. Since starting her job in October 2017, and completing two weeks of training, she now contributes Rs. 10,000 to her family. Inoka aspires to become a teacher or an accountant in the future. “I am thankful to Berendina for the support extend to uplift the lives of poor and neglected families like me”, says Inoka. Inoka’s family is also a Samurdhi beneficiary and has further received assistance from BDS Bulathkohupitiya branch to complete the construction of their house, which they currently occupy.

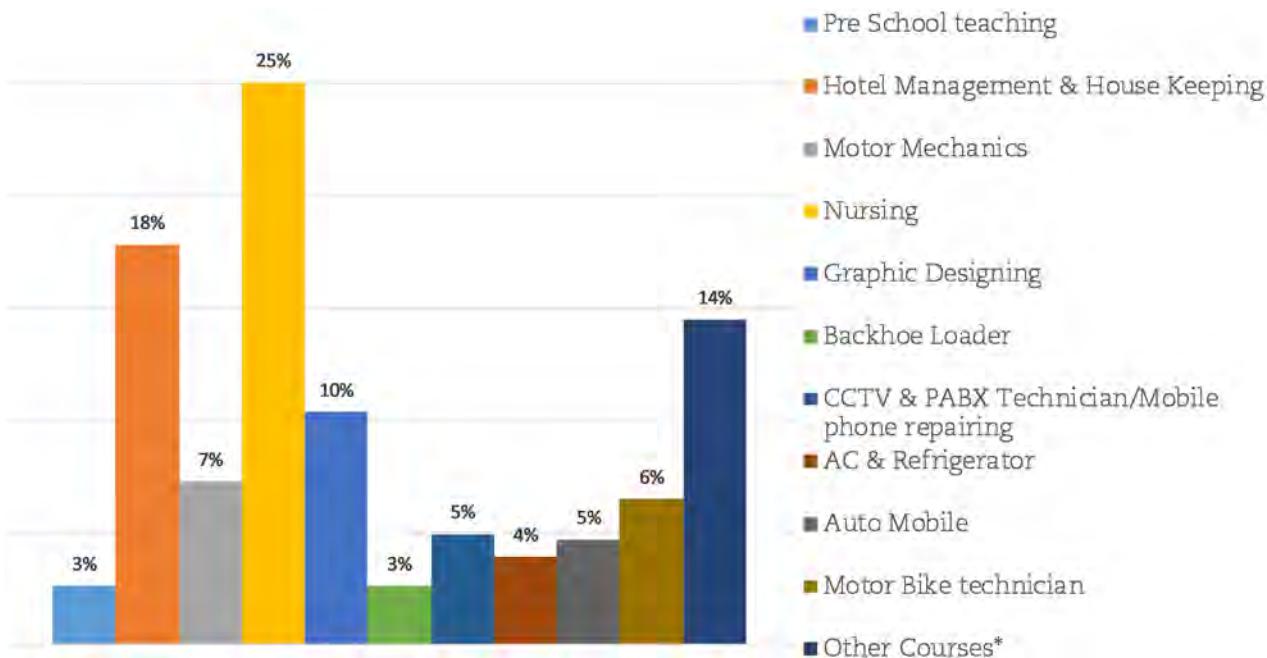


# SCHOLARSHIPS FOR VOCATIONAL TRAINING

Although the VTA is usually responsible for providing training for the informal sector, there are limited opportunities on skill development training for informal workers. This is mainly due to cost and length of the courses, educational pre-requisites and traditional outdated training approaches followed. Furthermore, issues on access to such courses are predominantly found among plantation and rural communities, mainly among women and persons with disabilities. Moreover, the scope of the government vocational training system to reach large parts of the youth population in the country is also limited. The availability of adequately equipped vocational training institutes in the government sector for certain courses are too restricted. Therefore, BEC initiated a scholarship assistance

program for youth to follow courses in the private sector, where there is limited or no access to government vocational training institutes. Subsequently, 387 youth were provided with vocational training scholarships. Type of trainings include motor mechanics, nursing, house-keeping, hotel management, ICT and graphic designing. BEC partnered with Laughs Eco, Sarvodaya, Youth Corps, Jetwing Hotels, WUSC and World Vision Lanka among other partners to implement the activities. BEC also connected a further 429 youth to relevant vocational training courses offered by the government vocational training centers. However, no scholarships were provided since all government courses are provided free of charge.





Other Courses- Aluminum fabrication, Needle painting, Welding, Pattern making, Beauty culture

## EMISSION TESTING PARTNERSHIPS

BEC partnered with Laugfs Eco and the VTA to train under privileged youth in rural areas in the North Central Region to become emission testing assistants. 12 youth in Anuradhapura District was linked with the VTA and a three-month training was provided. They are expected to be placed in jobs in 2018. A further partnership was established

with Sarwodaya and WUSC in Mullaitivu District where motor cycle technician training was provided to 21 youth. Following the three-month training course, they were provided practical training and 17 youth are currently employed as Emission Testing Assistants at Laugfs Eco Centres. Their monthly basic salary is Rs. 17,500 per month.



## **“A Career in a Blooming Sector”**



T.Ninthakumar (24) lives in Sittandy, a remote village located in Eravurpattu DS division in Batticaloa District. Ninthakumar's family consist of seven members. He is the middle child and has two elder brothers and two younger sisters. Ninthakumar's father is a daily laborer, and mother is a house wife. The two sisters are still pursuing their school education.

Ninthakumar and his family live in a small house. Their monthly family income is Rs. 25,000. They struggle to manage with this income. They have been displaced several times due to the war, and have further been living in camps in 2010, as a result of the floods.

Amidst all the difficulties, Ninthakumar managed to complete his Advanced Level (A/L) in Arts stream, and successfully obtained 03 passes. Ninthakumar participated in a career guidance program in

Chenkalady Division, and approached BEC to request support to develop his career. Subsequently, BEC connected Ninthakumar with the Jetwing Youth Development Program (JYDP), where he obtained vocational training in hotel Management at Jetwing Pasikudah in Batticaloa. BEC provided a contribution of Rs. 6,000 to cover his accommodation cost during his training period. After successfully completing the six-month theory course Ninthakumar was granted a placement at Jetwing Pasikudah to receive on the job training. Subsequently, he was offered a permanent job at the same hotel as a steward in the restaurant. Today, Ninthakumar earns a basic monthly salary of Rs.25,000 including additional allowances and benefits, which he willingly contributes to the family, to cover their monthly expenses. Ninthakumar is thankful to BEC for the opportunity he received, and is very satisfied with his job.

## JOB PLACEMENTS AMONG SCHOLARSHIP RECIPIENTS

BEC continues to follow up with youth who have received prior vocational training assistance, to ensure they are following appropriate workplace practices. In the event they are unable to fit in to the environment, BEC directs them to more suitable

working environments and further provides counsel to ensure they are able to retain their jobs. Out of the 893 youth that received scholarships in 2016, 465 have successfully been placed in jobs in 2017. Furthermore, out of 718 youth that received scholarship in 2015, 459 have successfully been placed in jobs in the subsequent year.



Youth Development Program with Jetwing



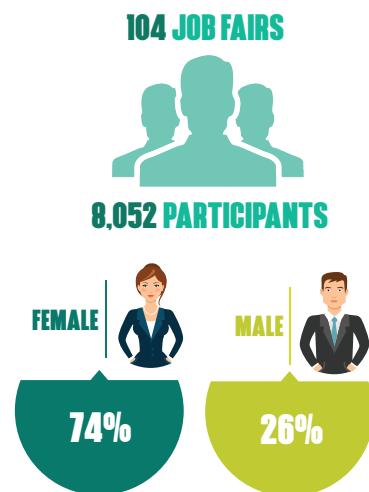
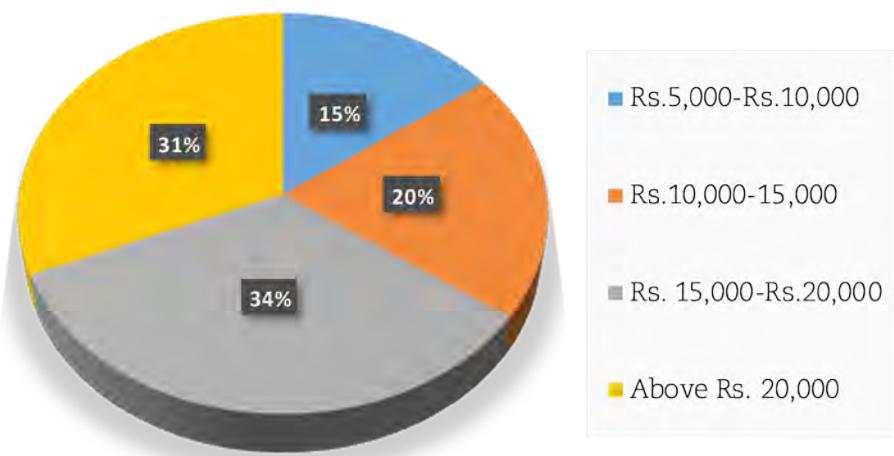
Empowering youth with skill development to gain employment in the construction industry

# JOB LINKING

Sri Lankan youth often face many difficulties in entering into the current job market. This is mainly due to various reasons such as lack of relevant work-related technical skills, lack of information and facilitation to acquire appropriate skills, and lack of experience and limited opportunities for entry-level work. In order to address these issues, BEC initiated a job linking intervention where 104 job fairs were conducted across the country, with a participation of 8,052 youth. 1,350 unemployed youth were successful in securing a job. These job fairs were organized in collaboration with the DS office, Public Employment Services of District

Secretariats, like-minded NGOs and youth groups. Awareness raising was conducted through banners, posters and social media. When linking female youth with prospective employers their concerns were also taken into consideration, to ensure they obtain jobs according to their needs.

BEC conducted a salary survey across the 1,350 youth that were linked for job opportunities and found that over 65% of youth receive a monthly salary over Rs. 15,000, which is considered a reasonable salary for an entry level job.



# BRIGHT STUDENTS SCHOLARSHIP PROGRAM

The education system in Sri Lanka consist of three main levels: primary (grades 1 to 5), junior secondary (grade 6 to 9) and senior secondary (grade 10 to 13). The tertiary education system consists of universities, professional institutes, and technical vocational education training (TVET) institutes. The G.C.E A/L takes two years to complete and is the final stage of secondary education. There are 5 streams such as Science, Mathematics, Commerce, Arts and Technology that students can select and are required to undertake 3 subjects from their selected stream. Apart from these 3 subjects, all students are also required to study general English which intends to improve the students' English language proficiency, and a common general paper that intends to develop their general knowledge.

While the university admissions are determined on merit, a district quota is however reserved for students coming from educationally disadvantaged districts. The G.C.E A/L examination is considered as highly competitive.

Therefore, students usually prefer to study at private tuition classes to obtain higher marks. However, these marginalized students are unable to afford their tuition fees. Consequently, BEC intervened to support bright students from economically disadvantaged families to meet their

financial requirements to fulfill their educational needs.

BEC provided scholarships to students who have successfully passed their grade 5 scholarship exam (only in plantation areas) and the Ordinary Level (O/L) examination with a minimum of 6 credit passes including a B pass in mathematics. BEC implemented scholarship programs in 9 districts – Kegalle, Nuwara Eliya, Mullativu, Anuradhapura, Trincomalee, Galle, Matara, Batticaloa, and Puttalam. Subsequently, a total of 2,924 students were supported through BEC Bright Student scholarships. Out of which 264 students are university students, and 108 are grade 5 scholarship students, mainly from the plantation areas. Furthermore, 771 scholarship students have successfully sat for the G.C.E A/L examination in 2017.

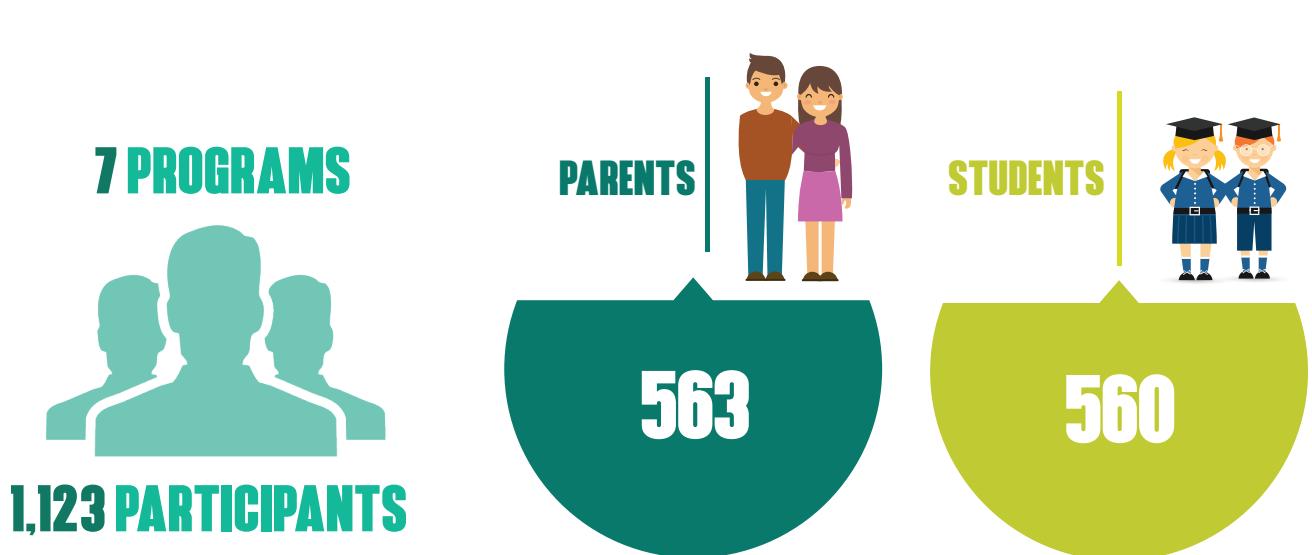
BEC analyzed examination results of 632 students who have sat for the G.C.E A/L in 2017, and found that 470 students have obtained a minimum of 3 passes. While the highest percentage of pass rate was recorded in the Arts stream (93%), the second highest was recorded in the commerce stream (88%).



## STUDENTS AND PARENTS MENTORING PROGRAM

Teachers and students are key individuals during a student's learning process. It is important to ensure their freedom of interaction, safety and respect within this learning environment at school and household level. Therefore, there is a significant role for parents to play in creating this environment

at home for their children to study. Consequently, students too have a responsibility of utilizing these resources in an efficient and effective manner to face their exams successfully. BEC conducted 7 student and parent mentoring programs for 563 students and 560 parents. The program covered topics on the importance of A/L's and its competitiveness and the role of parents in creating a conducive environment at home for students to carry out their studies.



## "A Bright Student's Story"



M. Wasana Subashini Weeraratne (22) lives in Kudumeetiya, Kotiyakubura in Bulathkohupitiya AGA Division in Kegalle District. She is the eldest in the family and has one younger brother who is studying in grade 10. Wasana's father is a Carpenter and works in sites close to their home. Her mother is a house wife. She sells king coconuts by the side of the road during the dry season for extra income. Wasana's family's monthly income is around Rs. 20,000 which varies every month due to uncertainty of her father's work. Their family is also a Samurdhi recipient family.

Wasana was initially schooling at Rathnawali Vidyalaya in Maththamagoda until grade 5. After obtaining best results from her school for the grade 5 scholarship program, she later transferred to Swarna Jayanthi Maha Vidyalaya in Kegalle. Wasana's family heard about the services offered by BEC through BEC's sister organisation, Berendina Development Services (BDS) where her mother received a small grant to start a "packet item" business. Upon requesting for educational support for her daughter, Wasana was eligible for BEC's

scholarship program in May 2007. Since then she has been a scholarship recipient of BEC. She received Rs. 750 per month to cover her tuition fee until O/L's.

With the assistance provided by BEC, Wasana successfully passed her O/L examination with 4As, 3Bs and 2C passes, and further transferred to St. Joseph's College in Kegalle to undertake her A/L studies in Technical Scheme. She received Rs. 1,000 per month to cover her tuition fee for her A/Ls and successfully passed the examination with 1A and 2C passes, and was further ranked 11th in the district. After completing her A/L's, Wasana also got the opportunity to work as a trainee bank assistant at Kotiyakumura Peoples Bank branch for 8 months with a monthly salary of Rs. 11,000, while awaiting for her A/L results. Later, she successfully obtained entrance to Kelaniya University and is currently following a degree in Engineering Technology. BEC has supported Wasana throughout her studies for 8.5 years and her parents are very proud of her daughter's achievements. Wasana's ambition is to become a teacher.

## “A Dream for a Better Future”



Thuraisingham Tharshika (18) and her family lives in Murrippo, Mulliyawalai in Mullaitivu District. Her father passed away in 2009 in Mullivaikal during the past war, and lives with her mother and elder brother in a small temporary hut in Murrippo. Tharshika's mother is a heart patient. Therefore her brother was unable to follow his education after grade 10 since he engaged in labor work to find an income for the family. He earns Rs. 15,000 per month which varies every month. He supports his mother and Tharshika's education from this income, which is not sufficient enough to cover the family expenses. Tharshika's educational expenses alone cost Rs. 8,000

per month.

Tharshika is currently following her advanced level (A/L) studies at Vidyanaanda College, Mullaitivu in Bio Science Stream and takes part in school extra-curricular activities such as debate and speech competitions.

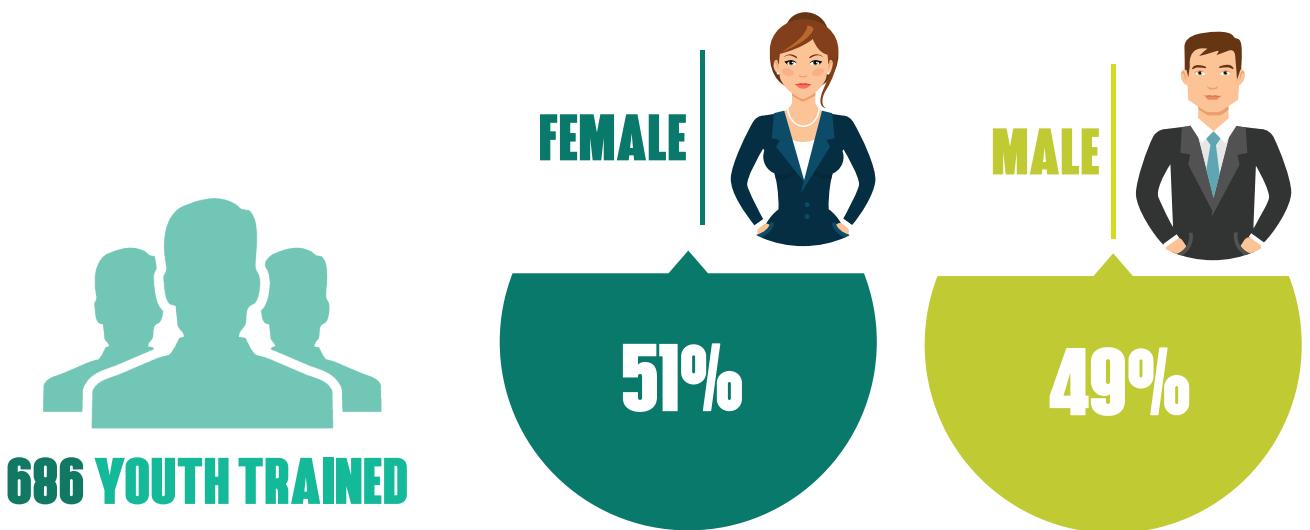
BSS intervened to provide additional support to cover her tuition fees. Currently, she is attending tuition classes for all 03 subjects and is ambitious to become an ENT (Ear Nose Throat) surgeon in the future, and serve her District.

# YOUTH TRAINING ON ICT

Today, society has become very dependent on computers and technology for the smallest aspects in life. Jobs that historically did not involve computer technology have now evolved and ICT will continue to influence careers, especially among youth. It is further identified that Internet and mobile phones can be efficiently utilized to link jobs, and disseminate career information among youth.

A survey conducted by BEC on smart phone usage in the previous year revealed that over 73% of youth

who attended job fairs own a smart phone. However, they are not aware of how to utilize the smart phone to obtain productive information related to career/job opportunities. Consequently, BEC developed a training module to provide awareness to youth on how to search for career/ job information using the Internet through smart phone apps and computers, and 8 trainings were successfully conducted for 686 youth.



# BEC APPROACH TO INFORMATION SYSTEMS

Data plays an important role in making informed decisions in an organization, and BEC too has a significant amount of information on youth and the programs conducted for them. Therefore, in 2017 BEC took the initiative to migrate its data to a well-designed information system, as a result of emerging technology.

The VT database has all relevant information about vocational training students including scholarships given by BEC. It can be used to obtain the students' progress level at any given time and can further filter data according to gender, course, current status, registered year etc. as necessary. Therefore, using the above filtering options, information can be generated to make decisions about the student's work life and job direction. The system further provides automatic reminders if files are required to be updated.

The job database has a collection of all Job applications collected by each BEC branch. The main objective of this system is to find the most suitable candidates for the available jobs. If employers seek candidates with a specific skill set and qualification, the system can generate the most suitable candidate for the employer.

Social media has become the most useful tool to share information amongst the community. BEC too has utilized this tool to attract stakeholders. While Facebook is used to attract job seekers, share BEC events and publish open vacancies on its page, LinkedIn is used to attract and identify potential employers that can be connected to BEC Job seekers. Jobsberendina.com is the official website of BEC, and the job vacancies available at each branch is updated regularly. Job seekers interested in vacancies advertised on jobsberendina website is able to directly apply through the website, and the relevant branch responds to the application.

The website analytical tools have enabled BEC to keep track of jobsberendina users. Subsequently, the reporting year has recorded 9187 active users, which is a 26.4% increase from the previous year. Out of the 9187 users, 8972 are new users and is a 25.12% increase from the previous year.

# HUMAN RESOURCE MANAGEMENT REVIEW

Human resource of the organization determines the capacity of an organization to accomplish its goals. A strong workforce that represents a rich and diverse human resource base inclusive of skills, competencies, capabilities and experience plays a vital role in ensuring the healthy growth and sustainability of a Company. BEC in comprehending this critical perspective, remains dedicated to build a workforce that not only possess the relevant skills and knowledge, but also maintain a sense of passion and a profound feeling of connection towards achieving a common goal. With this understanding, BEC continue to acquire, cultivate and retain human resource that would ultimately drive the Company towards its set objectives.

## HR POLICY

Our HR policy focuses on ensuring that the employees are not discriminated on the ground of race, gender, age and any other socioeconomic factor in the recruitment process, training and promotion of its employees. We continue to recruit staff based on their merit to fit into vacancy positions that become available or are newly created within our operations. We also maintain a flexible working culture that encourages open door policy, participatory decision making, team work, learning, and employee engagement.

## EMPLOYEE PROFILE

Our approach to human resource management aims at nurturing our people through edification while embracing them with a learning environment that empowers them towards remarkable performance. In this regard, BEC currently employs two employee categories; permanent and contract staff which in total constitute an employee cadre of 19 as at 31st December 2017.

All staff members are initially recruited on a contract basis for a period of one year, following which the contract is extended for another one-year period.

Staff members who complete two years of service are considered eligible for permanent staff cadre, a decision made by the management based on their performance. Nevertheless, both staff categories remain equally eligible for the compensation and benefits. The male workforce is relatively high with over half of the employees (63.16%) being male while 36.84% being females.

## RECRUITMENT PROCESS

We thrive to ensure a transparent and unbiased recruitment and selection process that results in the appointment of the best candidate based solely on merit and best fit for the organizational values and goals. In this process, the primary step is the communication of vacancies to the Company's Human Resource Department where a draft advertisement is developed stating the job profile, educational and professional qualifications required and benefits given. This would be circulated amongst the internal staff in addition to advertising in newspapers and employment websites.

Upon shortlisting the applicants at preliminary and secondary levels, an initial interview will be conducted, and the final selection will be done following another interview process, written tests or IQ test, and a scenario analysis tests. Once the approval is received from the necessary authorities, the applicant will be issued the offer letter to obtain the consent for employment terms after which formal letter for appointment will be issued.

## COMPENSATION AND BENEFITS

BEC provides a range of other financial and non-financial benefits to the staff.

One of the key compensation for all contract and permanent staff is the EPF (Employer contribution is 15%) and ETF contributions in addition to being entitled for gratuity after five years of service. The staff was also provided with the opportunity to

en-cash all available casual leave.

All staff members who complete over one year of service is given a cost of living allowance, in addition to providing them fixed allowances such as boarding allowance, phone allowance on a need basis, which was increased last year. Besides, field staff at branch level were also given allowances such as field visit allowances to cover the traveling and food cost including motorcycle fuel cost reimbursement, motorcycle revenue license and emission test cost reimbursement. Additionally, field staff members were given motor cycle helmets, rain coats, boots and bags for field use free of charge.

Moreover, staff were given assistance in educational attainment which was considered the main criteria in the staff grading system. Hence, BEC provided monetary assistance to staff who are pursuing professional qualifications (up to postgraduate level) in Social Development related area. They were given up to 100% course fee (depending on relevancy to work area, service period and investment amount etc). Of the total amount, 50% is given at the start while the balance given at the end of the course at the submission of the certificate.

A range of insurance policies are offered to all staff members of BEC. These benefits include a health insurance policy that covers all medical expenses including OPD and hospitalization expenses, for the employee and family members, a personal accident policy and a life insurance policy that provides death benefit up to Rs. 2 Million, Workman Compensation Insurance (WCI) policy and a motor cycle insurance. During the year there was an increase in the insurance claim benefits under the Health Insurance Policy.

As for the staff loan schemes, they were given in house personal loans for permanent employees up to Rs. 200,000 and compensate a maximum of 8% interest rate for bank loans up to Rs. 500,000 obtained by staff in addition to motorcycle loans,

distress loans, laptop loans and festival advance.

More benefits for the staff include marriage allowance of Rs. 10,000, funeral allowance of Rs. 15,000 that is even applicable in the event of demise of the employee's close family member, as well as the staff annual get together and annual trip allowance. During the year, staff funeral allowance and the annual trip allowance were increased.

## STAFF WELFARE

The annual get together is one of the most important events in Berendina's calendar. The event brings all staff together to remind each one about their commitment to reducing poverty among the communities we serve. It further provides opportunities for staff to build good relationships with one another, thereby building trust and friendship among colleagues. Subsequently, Berendina group's annual get together was held on the 02nd & 03rd of September 2017, at Koggala Long Beach Hotel. 330 employees of Berendina group participated at this event.

In order to further strengthen staff relationships and corporation among each other, Berendina group further sponsored a two-day staff trip for each branch and provided one official leave, where staff families were too encouraged to participate

## PERFORMANCE MANAGEMENT SYSTEM

Appraisals are vital for human resource management and performance management. Critical evaluation of their role, objectives, benefits and purpose within an organization is significant to understanding the future career direction.

Hence, we conduct staff appraisals every year in order to assess and evaluate the performance of all staff members who have been in service for over three months. The job specific tasks are evaluated against Key Performance Indicators (KPIs) while also taking into consideration factors such as managerial skills, behavioral disciplines, training

and development needs of the staff. The annual increments and promotions under the grading system will be decided based on the marks received for appraisals.

BEC utilise a standard appraisal format to evaluate all staff categories where they first have to fill an appraisal form by themselves as a self-assessment. Afterwards, an interview will be conducted amongst each and every staff member by a selected interview panel. Based on the interview outcome, final appraisal marks will be decided by the appraisal team. Employees are also given an opportunity to comment in writing their decision of the appraisal team which is reviewed by the senior management at the final decision making.

## TRAINING AND DEVELOPMENT

Training and development opportunities play a vital role in enhancing human capacity. As such, BEC provides technical trainings and soft skills trainings for their staff members. Technical trainings are mainly related to Career guidance and Counselling and Youth Empowerment. Soft skills trainings are mainly in relation to management, attitudinal and motivational aspect. Besides, the staff were also exposed to other seminars and workshops for further career development.

BEC strives to provide opportunities for staff to develop their skills and further their career goals, while at the same time creating a conducive environment for working.



## FUTURE PLANS

Going forward, BEC intends to conduct research in understanding employee perception on the organization and a salary survey to determine the industry accepted rate of remuneration for the employees. While BEC intends to utilize the services of an independent research agency in conducting the research studies, the findings are expected to be utilized in uplifting the staff morale.



# **FINANCIAL REPORTS**





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WRHF/RM/AD

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BERENDINA EMPLOYMENT CENTER (GUARANTEE) LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Berendina Employment Center (Guarantee) Limited which comprise the Statement of financial position as at 31 December 2017, and the statement of comprehensive income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Board's Responsibility for the Financial Statements***

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium - Sized Entities, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities.

(Contd...2/)

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA  
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA  
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA  
Principal T P M Ruberu FCPA FCCA

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#### **Report on other legal and regulatory requirements**

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and Scope and Limitations of the audit are as stated above.
- b) In our opinion :
  - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
  - the financial statements of the Company, comply with the requirements of Section 151 of the Companies Act No. 7 of 2007.

05 March 2018  
Colombo

*Berendina Yawar*

Ernst & Young

**Berendina Employment Center (Guarantee) Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 December 2017

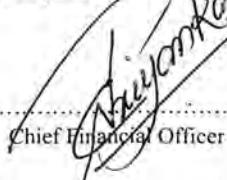
	Notes	2017 Rs.	2016 Rs.
<b>INCOME</b>			
Grants Income	3	64,669,449	58,696,204
Other Income	4	1,941,985	5,148,830
<b>Total Income</b>		<b>66,611,435</b>	<b>63,845,034</b>
<b>LESS:</b>			
Program Expenses	5	57,893,400	56,684,319
Personnel Expenses	6	4,746,737	4,345,702
Depreciation of Property, Plant & Equipment	10	207,851	249,334
Other Operating Expenses	7	2,805,805	2,206,688
Finance Expenses	8	40,811	36,911
		<b>65,694,604</b>	<b>63,522,954</b>
<b>Net Surplus/(Deficit) for the Year Before Income Tax</b>		<b>916,831</b>	<b>322,080</b>
Income Tax Expense	9	(687,422)	(553,931)
<b>Net Surplus/(Deficit) for the Year</b>		<b>229,409</b>	<b>(231,851)</b>
<b>Accumulated Surplus at the start of the year</b>		1,650,045	1,881,896
<b>Accumulated Surplus at the end of the year</b>		<b>1,879,454</b>	<b>1,650,045</b>

The Accounting Policies and notes on pages 06 to 16 form an integral part of the Financial Statements.

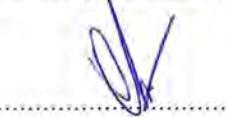
**Berendina Employment Center (Guarantee) Limited**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2017

<b>ASSETS</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
		Rs.	Rs.
<b>Non Current Assets</b>			
Property, Plant & Equipment	10	405,991	546
		<u>405,991</u>	<u>546</u>
<b>Current Assets</b>			
Advances & Prepayments	11	2,924,726	3,008
Cash & Cash Equivalents	12	11,037,810	7,102
		<u>13,962,536</u>	<u>10,110</u>
<b>Total Assets</b>		<u>14,368,527</u>	<u>10,657</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Accumulated Funds</b>			
Accumulated Surplus	13	1,879,454	1,650
Social Business Fund	14	1,793,050	909
		<u>3,672,504</u>	<u>2,559</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligation	15	1,237,603	1,370
		<u>1,237,603</u>	<u>1,370</u>
<b>Current Liabilities</b>			
Accrued Expenses	16	5,041,448	1,621
Other Payables	17	3,876,373	4,599
Tax Payable		<u>540,600</u>	<u>506</u>
		<u>9,458,420</u>	<u>6,727</u>
<b>Total Funding &amp; Liabilities</b>		<u>14,368,527</u>	<u>10,657</u>

The Chief Financial Officer certifies that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

  
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

  
Director

  
Director

The Accounting Policies and notes on pages 06 to 16 form an integral part of the Financial Statements.

**Berendina Employment Center (Guarantee) Limited**  
**STATEMENT OF CASH FLOWS**  
Year ended 31 December 2017

	Notes	2017 Rs.	2016 Rs.
<b>Cash Flow from Project Activities</b>			
Net Surplus/(Deficit) Before Tax		916,831	322,080
<b>Adjustments for:</b>			
Depreciation of Property, Plant & Equipment	10	207,851	249,334
Finance Expenses	8	40,811	36,911
Defined Benefit Plan Cost - Gratuity	15	23,260	1,370,090
Gain on Disposal of Fixed Assets		63,607	(4,040,000)
<b>Operating Profit Before Working Capital Changes</b>		<u>1,252,360</u>	<u>(2,061,585)</u>
(Increase)/Decrease in Advances & Prepayments	11	83,889	(974,264)
Increase/(Decrease) in Accrued Expenses	16	3,420,108	(2,589,222)
Increase/(Decrease) in Other Payables	17	<u>(723,286)</u>	<u>3,985,217</u>
<b>Cash Generated from Operations</b>		<u><u>4,033,070</u></u>	<u><u>(1,639,854)</u></u>
Bank Charges Paid	8	(40,811)	(36,911)
Tax Paid		(653,623)	(514,704)
Gratuity paid/Inter Company Transfers	15	<u>(155,748)</u>	<u>-</u>
<b>Net Cash Flows from Operating Activities</b>		<u><u>3,182,889</u></u>	<u><u>(2,191,469)</u></u>
<b>Investing Activities</b>			
Acquisition of Property, Plant & Equipment	10	(130,778)	(235,491)
Proceeds from disposal of Property Plant and Equipment		-	4,040,000
Net Cash Flow from/(Used in) Investing Activities		<u>(130,778)</u>	<u>3,804,509</u>
<b>Financing Activities</b>			
Social Business Fund		883,450	759,400
Net Cash Flow from Financing Activities		<u><u>883,450</u></u>	<u><u>759,400</u></u>
Net Increase in Cash & Cash Equivalents		3,935,561	2,372,440
Cash & Cash Equivalent at the Beginning of the Year		7,102,249	4,729,809
Cash & Cash Equivalents at the End of the Year	12	<u><u>11,037,810</u></u>	<u><u>7,102,249</u></u>

The Accounting Policies and notes on pages 06 to 16 form an integral part of the Financial Statements.

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

**1. CORPORATE INFORMATION**

**1.1 General**

Berendina Employment Center (Guarantee) Limited is a Company limited by Guarantee incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.44/3, 03<sup>rd</sup> Floor, Narahenpita Road, Nawala.

**1.2 Principal Activities and Nature of Operations**

The principal activities of the Company are,

1. Improvement of employability of youth through carrier guidance, counseling programs and financial assistance for vocational training and personal education
2. Provisions of employment to youth through linkages with private sector and Government establishments
3. Facilitation and provision of financial assistance for rural youth to find overseas employment opportunities
4. Provision of training and financial assistance for youth to be self employed
5. Facilitate private sector companies to setup their factories or subcontract centers in rural areas
6. Act as a facilitator and a social investor to help rural entrepreneurs and institutes to start and run social enterprises
7. To partner with local and international organizations in pursuance of above objects

**1.3 Directors' responsibility for financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lankan Accounting Standard for Small and Medium-sized Entities and as per the provisions of the Companies Act No.07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**1.4 Date of Authorization for Issue**

The Financial Statements of Berendina Employment Center (Guarantee) Limited for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the board of directors on 05 March 2018.

Berendina Employment Center (Guarantee) Limited  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2017

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**2. BASIS OF PREPARATION**

**2.1 BASIS OF MEASUREMENT**

The functional currency of the company is Sri Lankan Rupees. The financial statements of the company, which are presented in Sri Lankan Rupees, have been prepared on a historical cost basis.

**2.1.1 Statement of compliance**

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (here after "SLFRS for SMEs") issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

**2.1.2 Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

**2.2 SIGNIFICANT ACCOUNTING ASSUMPTIONS, JUDGEMENTS AND ESTIMATES**

In the process of applying the accounting policies, management is required to make judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements. Further, management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

**2.2.1 Useful -lives of property plant & equipment**

The Company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment by the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty

**2.2.2 Review of impairment losses on assets**

The Company determines whether assets have been impaired by performing an impairment review. This requires the estimation of the 'value in use' of the cash generating units. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Berendina Employment Center (Guarantee) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.3.1 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. The following specific criteria are used for the purpose of recognition of revenue.

Grants - Grants are recognized in the financial statements on cash consideration.

Grants are categorized as below,

General Grants – Used for general business activities

Specific Grants – Used for specific projects

Rendering of Services - Revenue is recognized on accrual basis for the relevant financial period.

Interest Income - Interest income is recognized as interest accrues, taking into account the effective yield of the asset.

**2.3.2 Expenses recognition**

Expenditure is recognized in the Income Statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment or investment properties in a rate of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the Income Statement the directors are of the opinion that the nature of expense method present fairly the elements of the Company's performance, and hence such presentation method is adopted. Repairs and renewals are charged to the Income Statement in the year in which the expenditure is incurred.

**2.3.3 Statement of Cash Flows**

The cash flows statement has been prepared using the 'Indirect Method' of preparing cash flows in accordance with the SLFRS for SMEs – Section 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

**2.3.4 Related party disclosures**

Transactions with related parties are conducted in the normal course of business.

Berendina Employment Center (Guarantee) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

**2.3.5 Commitments and contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

**2.3.6 Property, Plant and Equipment**

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less annual rates are used for the depreciation of property, plant and equipment:

Furniture and Fittings	20%
Office Equipments	12.5%
Computer Equipment	25%
Motor Vehicles	25 %

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

**2.3.7 Impairment of Assets**

At each reporting date, property, plant and equipment, intangible assets, inventory and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**2.3.8 Cash and cash equivalents**

Cash and cash equivalents are: cash in hand, demand deposits, and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flows statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Financial instruments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Berendina Employment Center (Guarantee) Limited  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2017

**2.3.9 Other Receivables**

At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

**2.3.10 Provision**

Provisions for legal claims are recognized when; the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefit will be required to settle the obligation and the amount can be estimated reliably.

The provisions are measured at the present value of the future amount required to settle the obligation using a pre tax rate reflecting the current assessment of the time value of money and specific risks relevant for the obligation. The increase in provision due to time passage is recognized as an interest expense.

**2.3.11 Taxation**

Income tax expense represents the sum of the income tax expenses and NGO's tax expenses

**a) Current Tax**

The current tax payable is based on taxable profit and grant received for the year.

The provision for income tax is based on the elements of income and expenses as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act.

The provision NGO's tax is based on the fund received during the year as reported in financial statements and computed in accordance with the provision of the Inland Revenue Act.

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

3. GRANTS INCOME	2017 Rs.	2016 Rs.
Berendina Stichting	61,991,217	58,349,004
BMI Clients Contribution to BEC for BSS	2,678,232	347,200
	<u>64,669,449</u>	<u>58,696,204</u>
4. OTHER INCOME	2017 Rs.	2016 Rs.
Income from Job Placements	532,569	545,240
Interest Income	1,409,071	561,128
Gain on Sale of Motor Vehicle	-	4,040,000
Miscellaneous Income	345	2,462
	<u>1,941,985</u>	<u>5,148,830</u>
5. PROGRAM EXPENSES	2017 Rs.	2016 Rs.
Vocational Training Scholarships	9,649,182	11,965,986
Job Links/Referrals	1,972,322	2,065,564
Career Guidance and Counselling	515,139	1,336,748
Institutional Support for VT Centers	-	296,710
Follow-up Session on VT Scholarships	-	95,475
Social Businesses	-	2,866,913
Life Skill+English Improvement	3,250,583	-
Bright Student Scholarships	24,905,546	15,525,723
Computer Based Learning Center	-	319,698
Tea Leaf Foundation	-	2,000,000
Fund Raising	-	190,963
Program Staff Costs	12,121,975	13,726,435
Program Related Travelling & Subsistence	2,632,839	3,033,381
Program Related Admin Expenses	2,845,815	3,260,723
	<u>57,893,400</u>	<u>56,684,319</u>
6. PERSONNEL EXPENSES	2017 Rs.	2016 Rs.
Salaries & Other Benefits	4,423,477	3,958,347
Defined Benefit Plan-Gratuity	23,260	387,355
Director Fee	300,000	-
	<u>4,746,737</u>	<u>4,345,702</u>
7. OTHER OPERATING EXPENSES	2017 Rs.	2016 Rs.
Office Administration Expenses	1,797,846	1,073,546
Professional & Consultancy Fees	382,847	114,392
Audit Fees	87,750	63,250
Loan Write-off given to Co-op Society	348,500	780,000
Sundry Expenses	188,862	175,500
	<u>2,805,805</u>	<u>2,206,688</u>

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

	<b>2017</b> Rs.	<b>2016</b> Rs.
Bank Charges	40,811	36,911
	<u>40,811</u>	<u>36,911</u>
<b>9. INCOME TAX EXPENSE</b>	<b>2017</b> Rs.	<b>2016</b> Rs.
Total Funds Received as Grants, Donations and Contributions	64,669,449	58,696,204
3% of Donations so Received	1,940,083	1,760,886
NGO Tax Liability for the Year @ 28%	<u>543,223</u>	<u>493,048</u>
Tax on Other Sources of Income	144,199	60,883
Tax Expense for the Year	<u>687,422</u>	<u>553,931</u>
<b>Total Tax Expenses</b>	<b>687,422</b>	<b>553,931</b>

**9.1 Applicable Rates of Tax and the Relevant Tax Regimes**

As per the Inland Revenue Act No. 10 of 2006 and amendments thereon, all Non Governmental Organizations' are liable to 3% on all the grants received during the year, which are taxable at 28% subject to certain specified exemptions.

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

**10. PROPERTY, PLANT & EQUIPMENTS**

10.1	<b>2017 (Current Year)</b>	<b>Office</b>	<b>Motor</b>	<b>Computer</b>	<b>Furniture &amp;</b>	<b>Total</b>
		<b>Equipments</b>	<b>Vehicles</b>	<b>Equipments</b>	<b>Fittings</b>	
	<b>Cost</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
	Balance as at 01.01.2017	63,581	-	515,323	424,721	1,003,625
	Additions	4,500	-	102,000	24,278	130,778
	Disposals	7,300	-	168,900	185,198	361,398
	As at 31 December 2017	<b>60,781</b>	<b>-</b>	<b>448,423</b>	<b>263,801</b>	<b>773,005</b>
<b>Less: Accumulated Depreciation</b>						
	Balance as at 01.01.2017	14,159	-	257,115	185,680	456,954
	Charge for the Year	9,020	-	130,649	68,182	207,851
	Disposals	7,034	-	148,780	141,976	297,791
	As at 31 December 2017	<b>16,145</b>	<b>-</b>	<b>238,984</b>	<b>111,885</b>	<b>367,014</b>
	<b>Net Book Value as at 31 December 2017</b>	<b>44,636</b>	<b>-</b>	<b>209,439</b>	<b>151,916</b>	<b>405,991</b>
10.2	<b>2016 (Previous Year)</b>	<b>Office</b>	<b>Motor</b>	<b>Computer</b>	<b>Furniture &amp;</b>	<b>Total</b>
		<b>Equipments</b>	<b>Vehicles</b>	<b>Equipments</b>	<b>Fittings</b>	
	<b>Cost</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
	Balance as at 01.01.2016	32,486	979,167	423,223	312,425	1,747,301
	Additions	31,095	-	92,100	112,296	235,491
	Disposals	-	979,167	-	-	979,167
	As at 31 December 2016	<b>63,581</b>	<b>-</b>	<b>515,323</b>	<b>424,721</b>	<b>1,003,625</b>
<b>Less: Accumulated Depreciation</b>						
	Balance as at 01.01.2016	4,932	979,167	118,830	83,858	1,186,787
	Charge for the Year	9,227	-	138,285	101,822	249,334
	Disposals	-	979,167	-	-	979,167
	As at 31 December 2016	<b>14,159</b>	<b>-</b>	<b>257,115</b>	<b>185,680</b>	<b>456,954</b>
	<b>Net Book Value as at 31 December 2016</b>	<b>49,422</b>	<b>-</b>	<b>258,208</b>	<b>239,041</b>	<b>546,671</b>

- 10.3 During the financial year, the company acquired Property, Plant and Equipment to the aggregate value of Rs. 130,778 for the financial year ended 31 December 2017 (2016 - Rs. 235,491). The cost of the fully depreciated assets were Rs. 997,138 for the year ended 31 December 2017. (2016 - Rs. 663,476).

**Berendina Employment Center (Guarantee) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2017

<b>11. ADVANCES &amp; PREPAYMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.</b>	<b>Rs.</b>
Staff Loans	1,482,987	1,963,450
Advance Account	57,885	101,600
Co-op Society	-	348,500
Pre paid Rent	52,563	240,300
Pre Paid Insurance	228,744	249,915
Refundable Deposits/Other Receivables	1,102,547	104,850
	<b>2,924,726</b>	<b>3,008,615</b>

<b>12. CASH AND CASH EQUIVALENTS</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.</b>	<b>Rs.</b>
Petty Cash	70,000	40,000
Bank Balances	2,408,680	3,433,128
Short Term Investments - less than 3 months	8,559,130	3,629,121
<b>Cash &amp; Cash Equivalents for the Purpose of Statement of Cash Flows</b>	<b>11,037,810</b>	<b>7,102,249</b>

<b>13. ACCUMULATED SURPLUS</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.</b>	<b>Rs.</b>
Balance as at 01 January 2017	1,650,045	1,881,896
Surplus/(Deficit) for the Year	229,409	(231,851)
Balance as at 31 December 2017	<b>1,879,454</b>	<b>1,650,045</b>

<b>14. SOCIAL BUSINESS FUND</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.</b>	<b>Rs.</b>
Balance as at 01 January 2017	909,600	150,200
Provision Made During the Year	883,450	759,400
Payments Made During the Year	-	-
Balance as at 31 December 2017	<b>1,793,050</b>	<b>909,600</b>

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

<b>15. RETIREMENT BENEFIT OBLIGATION - GRATUITY</b>	<b>2017</b>	<b>2016</b>
	Rs.	Rs.
Balance as at 01 January 2017	1,370,090	-
Provision/Inter Company Transfers Made During the Year	23,260	1,370,090
Payments Made During the Year	(155,748)	-
Balance as at 31 December 2017	<b><u>1,237,603</u></b>	<b><u>1,370,090</u></b>

<b>16. ACCRUED EXPENSES</b>	<b>2017</b>	<b>2016</b>
	Rs.	Rs.
Motor Cycle Mileage Fund	149,226	196,002
Accrued Program Expenses	4,331,825	1,109,483
Audit Fee Payable	87,750	63,250
EPF/ETF Payables	195,120	247,579
PAYE Payable	52,909	3,826
Stamp Duty Payable	925	1,200
Miscellaneous Payables	22,041	-
Give to Lanka Payables	201,652	-
	<b><u>5,041,448</u></b>	<b><u>1,621,340</u></b>

<b>17. OTHER PAYABLES</b>	<b>2017</b>	<b>2016</b>
	Rs.	Rs.
Berendina Development Services (Gte) Ltd	3,640,926	4,373,343
Berendina Microfinance Institute (Gte) Ltd	-	193,836
Berendina Micro Investments Company Ltd	235,447	32,480
	<b><u>3,876,373</u></b>	<b><u>4,599,659</u></b>

**Berendina Employment Center (Guarantee) Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

**18. COMMITMENTS AND CONTINGENCIES**

The Company does not have any significant Capital Commitments and Contingencies as at the Reporting Date.

**19. POST BALANCE SHEET EVENTS**

There have been no material events occurring after the Reporting Date that require adjustments to or disclosure in the Financial Statements.

**20. RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

**20.1 Transactions with Key Management Personnel (KMP) and their Family Members**

As per the Sri Lanka Accounting Standard for SMEs (Section -33 ) - "Related Party Disclosures", the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors and members of the Corporate Management of the Company have been classified as KMPs of the Company.

20.1.1 Key management personnel compensation	2017 Rs.	2016 Rs.
<b>Short term employment benefits</b>		
Short Term Employee Benefits	300,000	-
	<u>300,000</u>	<u>-</u>

# **ABBREVIATIONS**

AAT	Association of Accounting Technician
BEC	Berendina Employment Center
BSS	Bright Student Scholarship
CG	Career Guidance
HRM	Human Resource Management
ICT	Information Communication & Technology
IPM	Institute of Personnel Management
JYDP	Jetwing Youth Development Program
NAITA	National Apprentice and Industrial training Authority
NYSC	National Youth Services Council
PCTT	Puttalam Center for Technical Training
PES	Public Employment Services
PHPF	People Help People Foundation
VTA	Vocational Training Authority
WUSC	World University Service of Canada