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**Council of Delegates of the International
Red Cross and Red Crescent Movement**

7 December 2015, Geneva



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**COUNCIL OF DELEGATES
OF THE INTERNATIONAL RED CROSS
AND RED CRESCENT MOVEMENT**

Geneva, Switzerland
7 December 2015

Joint Commission of the Empress Shôken Fund

Report

Document prepared by the Joint Commission of the Empress Shôken Fund

Geneva, October 2015

Report of the Joint Commission of the Empress Shôken Fund

Executive Summary

This report covers the period from 1st June 2013 to 31st May 2015.

This summary also includes the outcomes of the extraordinary activities and events organized by Meiji Jingu, with the contribution of the Joint Commission, to mark the 100th anniversary of the death of the Empress in 2014.

Since June 1, 2013, the value of the Empress Shôken Fund assets has increased from 14,339,257 Swiss francs to 15,949,657 Swiss francs as at May 31, 2015.

In 2014, the Fund received additional capital contributions from the Japanese Red Cross of 471,827 Swiss francs, of which 40,312 Swiss francs was a contribution from the Empress of Japan and honorary President of the Japanese Red Cross, on the occasion of her 80th birthday.

In order to bring an end to the extraordinary situation sparked by the financial loss incurred in 2008 and following a proposal by the Commission, the Japanese Red Cross agreed on re-allocating 1'700'000 Swiss francs out of its exceptional contribution of 3'636'955 Swiss francs in 2013, to replenish the reserve for loss on investments to adequate levels.

This action enabled the fund to increase its annual distribution from 105,000 Swiss francs in 2013 to 150,100 Swiss francs in 2014. Thus, in 2014, the Fund allocated grants to six National Societies totalling 105,000 Swiss francs. In 2015, eight National Societies received the grants allocations for a total of 150,100 Swiss francs.

As the year 2014 marked 100 years since the death of the Empress Shoken, Meiji Jingu organized a series of events including an international Symposium in Tokyo which was attended by representatives of the ICRC and the International Federation, a meeting in Geneva between the Meiji Jingu delegation and the Joint Commission at the ICRC, and a panel discussion at the International Federation Secretariat on "The contribution of the Empress Shôken Fund to the peace-time activities of the Red Cross Red Crescent Societies around the world". During the Symposium in Tokyo, Meiji Jingu also gave a presentation on the 'anniversary book' which highlighted some of the National Societies projects which have been supported by the Fund in the past years.

REPORT 2011-2013

Joint Commission of the EMPRESS SHÔKEN FUND

1. INTRODUCTION

The Empress Shôken Fund was established in 1912 when HM The Empress Shôken donated 100,000 Japanese yen to the International Red Cross in support of National Societies.

In 1934, a second gift from HM The Empress Kojun and HM The Dowager Empress Teimei of Japan increased the Fund to 200,000 Japanese yen.

Over the years, due to the generous contributions of the Japanese Imperial Household and the Japanese Red Cross Society, the value of the Fund's capital constantly grew. In 2013, following a national campaign organized on the occasion of the centenary of the Fund, the Japanese Red Cross made an extraordinary contribution to the capital of the Fund totaling 3'636'955 Swiss francs. To date (May 2015), the total capital stands at 15,949,657 Swiss francs.

The Fund operates as an endowment fund distributing annual grants for the implementation of National Societies projects which contribute to their development.

The purpose of the Fund is to support National Society peacetime activities in the areas of disaster preparedness, health, youth, blood, first aid and rescue, social welfare and the dissemination of the humanitarian ideals of the Red Cross and Red Crescent.

On 11 April each year - the anniversary of the Empress's death - the Joint Commission announces the allocation of grants to the National Societies. The Fund receives approximately 30 requests per year. More than 100,000 Swiss Francs (150,000 Swiss francs in 2015) are distributed to at least five National Societies every year. The Joint Commission continues to stress the importance of good quality, well presented submissions which emphasizes the sustainability of the projects, and which are consistent with the criteria and regulations of the Fund. The Joint Commission encourages National Societies to contact the country and regional delegations of the International Federation and ICRC for support when preparing their submissions.

2. THE JOINT COMMISSION

The Fund is administered by the Joint Commission of the Empress Shôken Fund which decides on the annual allocation of grants and oversees the financial management of the Fund.

The Joint Commission continues to meet annually under the chairmanship of the ICRC, with the secretariat support and daily management provided by the International Federation. Since the last report, Mr. Melchior de Muralt has been appointed as new chairman of the Joint Commission, succeeding Mr. Olivier Vodoz. The secretary, Ms. Roberta Zuchegna was temporarily replaced by Ms. Nina de Rochefort (International Federation) between July 2014 to April 2015. The other members of the Commission include Mr. Roger Bracke, and Mr. Andrew Rizk from the International Federation Mr. Emmanuel Séité, and Ms. Christine Zaninetti from the ICRC.

3. FINANCIAL SITUATION OF THE FUND

The value of the Fund at June 1, 2013 was 14.3 million Swiss Francs. Interest from income and unrealized gain on investments totaled 347,874 Swiss Francs in 2013 and 1,144,104 Swiss Francs in 2014. The value of the Fund in December 31, 2014 was 15.9 million Swiss francs. Investment returns for the first five months of 2015 have been modest at 1.23%¹.

In 2014, the Joint Commission proposed some adjustments to improve the situation following the losses incurred to the Funds capital in 2008. The Japanese Red Cross agreed to replenish the reserve for the loss on investments by reallocating 1,700,000 Swiss francs from their exceptional contribution in 2013. The reserve for loss on investments has thus increased from 919,786 Swiss francs (2013) to 3'160'686 Swiss francs (December 31, 2014), and is now equal to 20% of the total value of the assets.

4. GRANT ALLOCATIONS 2014-2015

During the period of 2014-2015, there have been two annual rounds of distributions of the Empress Shôken Fund (the 93rd and 94th distributions) to 14 National Societies totaling 255,100 Swiss francs as detailed below.

93rd Distribution - 2014

A total of 24 National Societies submitted their project proposals. Out of those, the following distributions were made to 6 National Societies.

| Region/ National Society | Programme/project | Grant allocation (CHF) |
|---|--|------------------------------|
| <i>Africa</i> | | |
| Comoros | To support volunteer mobilisation country-wide by training youth leaders to set up local youth clubs and organise self-sustainable youth activities. | 19,234 |
| <i>Americas</i> | | |
| Chile | Collaboration with professional centres to build the skills of people with disabilities by establishing an income-generating catering service. | 10,913 |
| Honduras | Promoting human dignity and behavioral change to reduce risk factors among young vulnerable people. | 12,976 |
| <i>Europe</i> | | |
| Ireland | Community Based Health and First Aid programme will be extended to the Limerick prison. | 22,018 |
| Serbia | To prevent children from becoming victims of human trafficking by training volunteer educators in 20 municipalities to hold meetings and workshops in kindergartens and secondary schools. | 19,890 |
| <i>Middle East and Northern Africa</i> | | |
| Egypt | Aims to train its volunteers in sign language and provide first aid training to deaf and mute disabled people. | 20,000 |
| Total for 2014 | | 105,031 |

¹ This moderate performance is due to the prevailing uncertainty of an equitable resolution to the Greek economic crisis and the devaluation of the Euro against the Swiss franc.

94th Distribution – 2015

A total of 34 National Societies applied for the 94th grants distribution. Out of these, the following allocations were distributed to 8 National Societies in 2015.

| Region/ National Society | Programme/project | Grant allocation (CHF) |
|-------------------------------------|--|---------------------------------------|
| <i>Africa</i> | | |
| Cape Verde | Assist young children affected by the Fogo volcano eruption with educational and material support | 20,640 |
| Nigeria | First Aid for Communities prone to Road Traffic Accidents | 17,400 |
| <i>Americas</i> | | |
| Costa Rica | Promote and strengthen community development in Tirrases, with a focus on the development of youth social skills and community health training | 20,000 |
| Suriname | Road Safety, our collective responsibility | 18,300 |
| <i>Asia and Pacific</i> | | |
| Laos | First Aid Training and Emergency Ambulance Response Development | 14,300 |
| Timor Leste | Building a Sustainable Organization through Fundraising Development | 19,050 |
| <i>Europe</i> | | |
| Moldova | Violence against children | 21,600 |
| Montenegro | Providing psychological support following disasters | 18,810 |
| | TOTAL for 2015 | 150,100 |

The reports received for the grants allocated in 2012 and 2013 show that most of the projects contributed towards improving the local image of the National Societies thanks to their community-based services. Overall, National Societies pay particular attention to the projects long term sustainability to ensure the continuation of the services after the ESF grant has ended.

In 2012, grants were allocated to projects in Azerbaijan, Mexico, Senegal, Trinidad and Tobago, and Tunisia. Through the projects, the following achievements were made:

- The Azerbaijan Red Crescent helped to enable children in remote villages to attend school. The advocacy efforts of the National Society resulted in persuading the local authorities to mobilize local resources and thus ensure that the children could continue their education.

- The Mexican Red Cross educated vulnerable groups in schools and in communities on how to reduce the incidence and spread of diseases resulting from climate change by disseminating preventive and adaptation guidance.
- The Senegalese Red Cross built a training centre for vulnerable women to improve their professional skills and manage micro-projects. They created self-sustainable working-groups and launched women's self-employment initiatives.
- The Trinidad and Tobago Red Cross managed to reduce the travel and lodging outgoings of governance and operational staff by equipping the National Society with Video Conferencing capacities and thus also fostering the organizational development of the National Society.
- Tunisia N/A to date (June 2015)

In 2013, the annual grants supported projects in Belarus, Bolivia, Eritrea, Iran, and Kiribati. The reports showed the following outcomes:

- The Belarus Red Cross, through a ten-day summer camp, provided children living with disabilities with recreational activities, and their parents, Red Cross volunteers and staff members with training on first aid and stress management. They also benefited from peer support, the opportunity to consult with specialists and to enjoy recreational activities.
- The Bolivian Red Cross strengthened the disaster response capacity of youth in two education centers living in temporary accommodation due to disaster. The Red Cross trained volunteers, students, teachers, and admin staff in first aid, evacuation and shelter. The project was developed in partnership with the local authorities and local organizations and raised community awareness of safety measures, the importance of respect between people, and helped to promote a culture of non-violence.
- In Eritrea, the first aid and road safety project contributed towards revitalizing the country wide volunteer network of the Red Cross. The project was well integrated with the ongoing activities of the emergency health and disaster programs. The staff and volunteers trained at Headquarter and branch level, including staff from the Minister of Education, will help ensure the sustainability of the project.
- The Iranian Red Crescent supported youth in prisons and helped them re-adapt to outside life. The project contributes to help change attitudes of people towards young people when they return to their communities and families. The project also helps to prevent youth from further carrying out further delinquencies and at the same time promotes humanitarian values.
- Kiribati Red Cross trained school children, youth and women, councillors, policemen and workers in vulnerable communities on first aid and basic health protection in order to reduce death and serious sicknesses from injuries and accidents. As a result of this project, the local branch obtained support from the Kiritimati Island Council and communities to continue the activities.

Appendices: Regulations (in force since 2005)
Rules of Procedure
Statement of Accounts for 2013 and 2014

Empress Shôken Fund

Regulations

(Approved by the Sixteenth International Conference of the Red Cross, London 1938, and revised by the Nineteenth International Conference, New Delhi 1957, the Twenty-fifth International Conference, Geneva 1986, the Council of Delegates, Budapest 1991, the Twenty-seventh International Conference, Geneva, 1999, the Twenty-eighth International Conference, Geneva 2003 and the Council of Delegates, Seoul 2005)

Article 1 - The sum of 100,000 yen in Japanese gold presented by H.M. The Empress of Japan to the International Red Cross on the occasion of the Ninth International Conference (Washington, 1912) to promote "relief work in time of peace", was increased to 200,000 yen by a further gift of 100,000 yen from their Majesties The Empress and The Dowager Empress of Japan, on the occasion of the Fifteenth International Conference, (Tokyo, 1934). The Fund was further increased by a gift of 3,600,000 yen from H.M. The Empress of Japan, on the occasion of the Red Cross Centenary in 1963, and by successive contributions from the Government of Japan since 1966, and from the Japanese Red Cross Society. This fund shall be entitled: "The Empress Shôken Fund".

Article 2 - The Fund shall be administered and its revenues distributed by a Joint Commission of six members chosen in their personal capacity. The Joint Commission shall be composed equally of three members appointed by the International Committee of the Red Cross and three by the International Federation of Red Cross and Red Crescent Societies; the quorum shall be four. The Chairman of the Joint Commission shall be on a permanent basis one of the representatives of the International Committee of the Red Cross whereas the International Federation of Red Cross and Red Crescent Societies shall provide the Joint Commission's Secretariat. The Joint Commission shall meet at Geneva, in principle at the headquarters of the International Federation of Red Cross and Red Crescent Societies.

Article 3 - The capital of the Fund as well as subsequent donations and contributions shall remain intact. Only revenues provided by interest and capital gains may be used for allocations awarded by the Joint Commission to meet all or part of the cost of the activities enumerated below:

- (a) Disaster preparedness
- (b) Activities in the field of health
- (c) Blood transfusion services
- (d) Youth activities
- (e) First aid and rescue programs
- (f) Activities in the field of social welfare
- (g) Dissemination of the humanitarian ideals of the Red Cross and Red Crescent
- (h) Such other programs of general interest for the development of the activities of the National Red Cross and Red Crescent Societies.

Article 4 - National Red Cross and Red Crescent Societies wishing to receive an allocation shall make the necessary application through their Central Committees to the Secretariat of the Joint Commission before 31 December of the year preceding that in which the allocations are to be made. Applications shall be supported by full details concerning the particular activity selected from among those specified in Article 3 above.

Article 5 - The Joint Commission shall examine the applications mentioned in the previous Article and shall make such allocations as it considers just and suitable. It shall each year communicate the decisions it has taken to National Red Cross and Red Crescent Societies.

Article 6 - National Red Cross and Red Crescent Societies which feel obliged by circumstances to put the allocations received to uses other than those specified in their applications for grants under Article 4 must ask for the Joint Commission's approval before doing so.

Article 7 - National Red Cross and Red Crescent Societies shall send to the Joint Commission, not later than twelve months after receipt of the allocations, a report on the use of the allocations received.

Article 8 - The announcement of distribution shall take place each year on 11 April, the anniversary of the death of H.M. The Empress Shôken.

Article 9 - A sum which shall not exceed CHF 50,000 shall be set aside to cover the cost of administering the Fund and of assisting the National Societies concerned in the realization of their projects.

Article 10 - The Joint Commission shall present to each Council of Delegates of the Red Cross and Red Crescent a report on the current financial situation of the Fund, the allocations which have been made since the preceding Council and the use made of those allocations by National Societies. The Council of Delegates shall transmit this report to the Japanese Imperial Family through the intermediary of the Japanese Red Cross Society.

Original French

RULES OF PROCEDURE OF THE JOINT COMMISSION OF THE EMPRESS SHÔKEN FUND

Adopted by the Commission at its 8 September 1980 meeting and
Revised at its meetings of 29 March 1985 and 18 May 1990

Article 1 - The present Rules of Procedure reflect the Joint Commission's practice for more than 20 years, and amplify and complete the "Regulations for the Fund" approved by the XVIth International Red Cross Conference, London 1938, and revised by the XIXth International Conference, New Delhi 1957, the XXVth International Conference, Geneva 1986, and the Council of Delegates, Budapest 1991.

Article 2 - Composition of the Joint Commission As provided in Article 2 of the Regulations for the Fund, the Joint Commission shall be composed of three members appointed by the International Committee of the Red Cross (ICRC) and three members appointed by the International Federation of Red Cross & Red Crescent Societies (Federation). The two institutions shall inform the Chairman of the Joint Commission of the names of their regular representatives. Should a member be absent or unable to attend, he may be replaced by a substitute.

Article 3 - Secretariat of the Joint Commission The Secretariat of the Joint Commission shall be assumed permanently by the Federation in order to ensure continuity and stability in the work. The Federation shall appoint one of its members to serve as Secretary of the Joint Commission.

Article 4 - Management of the Funds The Secretariat shall manage the Funds under the guidance and supervision of the Joint Commission. The Chairman of the Commission may set up a working group to help with the work of the Secretariat.

Article 5 - Japanese Representation To ensure regular contact with the Japanese Red Cross and government, the Joint Commission shall invite to its annual meeting, in the capacity of observer, the head of the Permanent Mission of Japan to the United Nations in Geneva or his deputy.

Article 6 - Application for Allocations To be eligible for consideration applications must give full and exact details of the activity for which the allocation applied for will be used. If the cost of the project exceeds the usual amount of allocations from the Fund, the application must include a plan for financing.

Article 7 - Criteria for Allocations When examining the requests submitted, the Joint Commission of the Empress Shôken Fund shall take the following guidelines into account:

- (a) to restrict the number of allocations so that the amounts allocated for each are sufficient to enable the approved projects to be successfully implemented;
- (b) to give priority to developing Societies and, among them, to those that have previously least benefited from the Fund or according to objective criteria, are in greatest need. Some reasonable degree of regional balance should be maintained.
- (c) to exclude request from Societies that have not provided satisfactory written reports on the use of previous allocations from the fund;

- (d) to allocate no more than one half of the total annual allocation for human resource development projects – including training, staff-on-loan support, volunteer and staff scholarship assistance. It will be expected that women will benefit on a equal basis with men;
- (e) to allocate no more than one half of the total annual allocation for equipment and materials that are clearly linked to the objectives of the Fund (excluding transportation items, which are already identified under (f) below);
- (f) to allocate no more than half of the total annual allocation for transportation (cars, ambulances and other vehicles – including spare parts);
- (g) to allocate annually no more than a total of CHF 100,000 for one or several regional programmes. Commitments, within an overall annual expenditure level of CHF 100,000, can be made for regional programmes for a period of up to five years. Actual allocations for each (when longer-term commitments have been made) shall be subject to satisfactory performance progress reports to the Commission. Programme proposals must be signed by all parties to be responsible (e.g. by the Federation and/or the ICRC and two or several National Societies).

Article 8 - Financial Provisions

- (a) allocations will be transferred to beneficiaries only on presentation of an invoice or other document justifying the expenditure made;
- (b) in view of the facilities enjoyed by the Secretariat of the Commission, it may in some cases make purchases itself on behalf of the beneficiary Societies;
- (c) allocations which are not claimed or are unused in the year following their award may be withdrawn and added to the amount available for the following distributions or to the capital of the Fund;
- (d) the same rule shall apply in the case of excess allocations. The difference between the amount allocated and actual expenditure shall be added to the amount available for future distributions or to the capital of the Fund;
- (e) after the distribution of the revenue of the Funds has been announced, if for unforeseen reasons the amounts allocated are insufficient to carry out the project(s), and if no other resource is available to cover the deficit(s) the Secretariat may use the balance, if any, of the sums set aside to cover the cost of administering the Fund as provided for Article 9 of the Regulations, or the sums made available as provided for in (c) and (d) of this Article.
- (f) The accounts of the Fund shall be reviewed every year by the firm of auditors appointed by the Joint Commission.

Article 9 - Revision of the Rules of Procedure The Commission may by consensus revise or modify the present Rules of Procedure in order to adapt them to circumstances within the framework of the Regulations in force.



The Empress Shôken Fund, Geneva
Report of the Independent Auditor
on the Financial Statements
to the Members of Joint Commission
Financial Statements 2014



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Report of the Independent Auditor on the Financial Statements to the Members of the Joint Commission of

The Empress Shôken Fund, Geneva

As independent auditor, we have audited the accompanying financial statements of The Empress Shôken Fund, which comprise the balance sheet, income statement and notes for the year ended 31 December 2014.

Secretary of the Joint Commission's Responsibility

The Secretary of the Joint Commission is responsible for the preparation of the financial statements. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Secretary of the Joint Commission is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended 31 December 2014 comply with the Regulations of the Fund and the accounting principles as set out in Note 2.

We recommend that the financial statements submitted to you be approved.

KPMG SA

Pierre Henri Pingeon
Licensed Audit Expert
Auditor in Charge

Christine Fox

Geneva, 2 March 2015

Enclosure: Financial statements (balance sheet, income statement and notes)

EMPRESS SHÔKEN FUND
Balance Sheet as at 31 December

| <u>ASSETS</u> | <u>2014</u> CHF | <u>2013</u> CHF |
|---|--------------------|--------------------|
| Current assets | | |
| Cash at banks | 129,946 | 603,210 |
| Short-term deposits | 37,781 | 227,986 |
| Investments (Note 5) | 15,802,369 | 13,458,408 |
| | <u>15,970,096</u> | <u>14,289,604</u> |
| <u>LIABILITIES AND CAPITAL RESERVES</u> | | |
| Current liabilities | | |
| Accounts payable (Note 7) | 522 | 3,797 |
| Capital & Reserves | | |
| Capital (Note 3) | 12,137,848 | 13,366,021 |
| Reserve for loss on investments (Note 6) | 3,160,686 | 919,786 |
| Reserve for future distributions (Note 4) | 671,040 | - |
| | <u>15,970,096</u> | <u>14,289,604</u> |

EMPRESS SHÔKEN FUND

Statement of Income and Expenditure for the year ended 31 December

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| | CHF | CHF |
| <u>OPERATING INCOME</u> | | |
| Interest income from investments | 234,760 | 173,395 |
| Japan Red Cross contributions | 471,827 | 3,687,401 |
| Unrealised gain/(loss) on investments | 1,144,104 | 174,479 |
| | <u>1,850,691</u> | <u>4,035,275</u> |
| <u>OPERATING EXPENDITURE</u> | | |
| Investment manager fee | 16,344 | 14,108 |
| Fund administration fee | 50,000 | 50,000 |
| Audit fee | 4,150 | 4,100 |
| Sundry expenses | 522 | 395 |
| Courier & postal expenses | - | 551 |
| Translation expenses | - | 2,851 |
| | <u>71,016</u> | <u>72,005</u> |
| <u>OPERATING RESULT</u> | | |
| Excess of income over expenditure | <u>1,779,675</u> | <u>3,963,270</u> |
| <u>ALLOCATIONS</u> | | |
| Allocation to Capital (Note 3) | 471,827 | 3,687,401 |
| Allocation to Reserve for future distributions (Note 4) | 671,040 | - |
| Allocation to Reserve for loss on investments (Note 6) | 636,808 | 275,869 |
| | <u>1,779,675</u> | <u>3,963,270</u> |

EMPRESS SHÔKEN FUND

Notes to the Financial Statements for the year ended 31 December 2014

Note 1 - Activity

The Empress Shôken Fund (the "Fund") is administrated by a Joint Commission of six members chosen in their personal capacity.

The Joint Commission is composed equally of three members appointed by the International Committee of the Red Cross and three by the International Federation of Red Cross and Red Crescent Societies.

Only interest and capital gains may be used for allocations awarded by the Joint Commission to meet all or part of the cost of the activities detailed in Article 3 of the Regulations for The Empress Shoken Fund (the "Regulations").

Note - 2 - Significant accounting policies

The Fund financial statements are presented in Swiss Francs and have been prepared using the accrual basis of accounting, under which, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the period to which they relate.

Investments in securities are valued at market value. In order to cover current as well as potential future losses, unrealised gains are allocated to the "Reserve for loss on investments" until such reserve reaches 20% of the market value.

According to Article 9 of the Regulations, a sum which shall not exceed CHF 50,000 shall be set aside to cover the cost of International Red Cross and Red Crescent Societies in administering the Fund and in assisting the National Societies concerned in the realization of their projects.

Note 3 - Capital as at 31 December 2014

| | CHF |
|---|--------------------------|
| Capital as at 1 January 2014 | 13,366,021 |
| Allocation to Reserve for loss on investments | (1,700,000) |
| Contributions from Japanese Red Cross Society | 471,827 |
| Capital as at 31 December 2014 | <u><u>12,137,848</u></u> |

Note 4 - Reserve for future distribution

| | |
|---|-----------------------|
| Opening Balance as at 1 January 2014 | - |
| Transfer from Reserve for loss on investments | 95,908 |
| 93rd Allocations approved in 2014 | (95,908) |
| Transfer gains on investments | 507,296 |
| Transfer excess income over expenditure | 163,744 |
| | <u><u>671,040</u></u> |

The Reserve for loss on investments held a balance of CHF 3,160,686 at 31 December 2014 (2013: CHF 919,786).

The Reserve was replenished by re-allocating part of the 2013 special contribution made on behalf of the 100th anniversary of the Empress Shôken in the amount of CHF 1,700,000.

EMPRESS SHÔKEN FUND

Notes to the Financial Statements for the year ended 31 December 2014

Note 5 - Investments

| | Shares | Bonds/Notes | Forex swap JPY/CHF | Total CHF |
|--------------------------|------------------|------------------|-----------------------|------------------|
| PAM closing Balance 2013 | 5,880,869 | 7,573,410 | 4,129 | 13,458,408 |
| PAM closing Balance 2014 | 6,918,173 | 8,885,262 | (1,066) | 15,802,369 |
| Net increase/(decrease) | <u>1,037,304</u> | <u>1,311,852</u> | <u>(5,195)</u> | <u>2,343,961</u> |

The net increase/(decrease) in the investments includes purchases, sales and unrealized gains.

At year-end the Fund had an open short-term foreign currency swap for JPY 15,000,000.

Note 6 - Reserve for loss on investments

| | |
|---|------------------|
| Opening balance 2014 | 919,786 |
| Allocation from Japan RC special contribution | 1,700,000 |
| Allocation of unrealised gains on investments | 636,808 |
| Transfer to Reserve for future distribution | (95,908) |
| | <u>3,160,686</u> |

Note 7 - Accounts payable to the IFRC

| | |
|---|------------|
| Representation expenses | 2,022 |
| Meji-Jingu Sukeikai partial reimbursement for representation expenses | (1,500) |
| | <u>522</u> |