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

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Report of the Joint Commission of the Empress Shôken Fund

PROGRESS REPORT

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PROGRESS REPORT

Report of the Joint Commission of the Empress Shôken Fund

EXECUTIVE SUMMARY

This is the report on the Empress Shôken Fund (ESF) to the Council of Delegates, as mandated in Article 10 of the regulations of the fund (see attachment).

The Empress Shôken Fund granted a total of 471,712 Swiss francs to 16 projects in 2022 and 367,182 Swiss francs to 13 projects in 2023. The slight decrease in the number of initiatives funded is the result of the global economic crisis, which impacted the performance of the fund – the ESF operates as an endowment fund and the income generated by the performance of the fund is distributed as grants each year. As such, the Joint Commission members were forced to adjust the selection process for awarding grants accordingly. Conversely, the number of applications has been growing, with 51 applicants in 2022 compared with 60 at the end of 2023, which is the highest number of applications registered by the fund. This confirms the need for the ESF in supporting innovation, experimentation and learning within National Societies.

1) INTRODUCTION

The Empress Shôken Fund was established in 1912 when Her Majesty Empress Shôken of Japan donated 100,000 Japanese yen and created an international fund to increase the peacetime activities of all National Societies, broadening the role of the Red Cross and Red Crescent beyond its wartime activities. In 1934, a second gift from Her Majesty Empress Kojun and Her Majesty Dowager Empress Teimei increased the fund to 200,000 Japanese yen.

Over the years, thanks to generous contributions from the Japanese imperial family, the Meiji Jingu and the Japanese Red Cross Society, the value of the fund's capital has steadily grown, reaching **12,660,290 Swiss francs in December 2023**.

The fund operates as an endowment fund, awarding annual grants for the implementation of National Society projects. Even though the fund is managed through conservative investment policies, substantial amounts are often generated for annual distribution (nearly 500,000 Swiss francs). Investment returns fluctuate according to the overall economic situation and the historic investment performance is reflected in the amount of annual distributions, which was particularly high in the period 2018–2023.

The purpose of the fund is to support National Society peacetime activities in the areas of disaster preparedness, health, youth, blood services, first aid and rescue, social welfare, the sharing of the humanitarian ideals of the International Red Cross and Red Crescent Movement (Movement) and activities related to National Society development.

Moreover, since 2018, the ESF has adjusted its value proposition to National Societies – and it now encourages new and innovative approaches within the eight areas supported by the fund, with the potential to generate learning and insight that will benefit individual National Societies and the Movement as a whole. The fund supports innovation and experimentation initiatives in order to trigger a shift in mindset, not least given the 2023 strategy of the International Federation of Red Cross and Red Crescent Societies (IFRC), but also to further

contribute to the learning agenda within the IFRC network. Today, an average of 50 National Societies apply each year for grants from the Empress Shôken Fund.

On 11 April each year – the anniversary of the Empress's death – the Joint Commission announces the allocation of grants to National Societies. In the past two years, the fund has received an increased number of applications, totalling 111 applications. The Joint Commission aims to distribute at least 350,000 Swiss francs to National Societies every year and went far beyond this target in recent years. The Joint Commission continues to stress the importance of good quality, well-presented applications that emphasize the project's sustainability and are consistent with the fund's criteria and regulations, with a focus on innovation and learning.

Finally, the ESF constantly strives to generate insights from the projects being implemented in order to benefit the whole Movement. The theory of change for the ESF is being explored to better understand the key drivers of success in order for innovation to thrive in National Societies. One area that will be enhanced in the future will be the provision of innovation and learning support to National Societies to complement the funds they receive.

2) THE JOINT COMMISSION MEMBERS AND THE ESF SECRETARIAT

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

The Joint Commission continues to meet annually, chaired by the International Committee of the Red Cross (ICRC), with secretariat and daily management support provided by the IFRC. The Joint Commission is chaired by Mr Melchior de Muralt. Other commission members in post until December 2023 include Mr Shaun Hazeldine and Mr David Silvaraja from the IFRC, and Mr Emmanuel Séité and Ms Christine Zaninetti from the ICRC. In 2023, Mr Fred Fulton took over from Ms Hayfa Khalidy – both from the IFRC – as secretary to the commission. The day-to-day management of the fund is carried out by Ms Aïcha Mansour Lo, who represents the ESF secretariat.

3) FINANCIAL SITUATION OF THE FUND

The value of the fund as at 31 December 2022 was 14.2 million Swiss francs compared with 17.3 million Swiss francs in 2021. The fund was affected by market volatility in 2022, which affected the distribution of income accordingly.

The net income (loss) for the year was 2,637,415 Swiss francs in 2022 compared with an income of 850,385 Swiss francs in 2021.

4) GRANT ALLOCATIONS 2022–2023

In 2022 and 2023, there were two rounds of distributions (the 101st and 102nd distributions) from the Empress Shôken Fund to 29 National Societies, with allocations totalling 838,894 Swiss francs, as detailed below.

A) 101ST DISTRIBUTION – 2022

Region/ National Society	Programme/project	Grant allocation (CHF*)
Africa		
Burkina Faso	First-aid awareness for schools Provide intensive first-aid training and certification in ten schools.	29,965
Côte d'Ivoire	Health Education Second Chance Contribute to the education and autonomy of young women who have not attended school in Bouna in the Bounkani region.	29,991
Niger	Emergency assistance (Faba/Agaji) Educate and inform the public on how to record useful information in the "emergency call" section on their mobile phones.	31,500
Tanzania	New approaches and innovations for increasing uptake of the COVID-19 vaccination Develop mobile application "Ujanja Kuchanja" to include different groups of people, to strengthen information-sharing, build trust and increase access and reach.	30,000
Americas		
Dominica	Agri First Responders Provide support for and help introduce farming techniques for managing climate change and other risks on farmland by training 15 farmers as Agri First Responders in their community. (The pilot project will be expanded to other communities.)	30,000
The Dominican Republic	Capacity building of young people in local social action Develop a virtual introductory course on planning and coordinating social support activities adapted to young people's local reality, so that they are equipped with the techniques and tools to address the needs of their community, with 30 youth volunteers trained and 10 youth action proposals supported in 10 communities.	26,600
Ecuador	Identifying and providing primary care for young people aged 15 to 30 in Quito experiencing negative feelings and emotions Implement a sensory immersion cabin that provides primary psychological care, to be promoted through the National Society's mental health and psychosocial support action line (reaching 1,500 people).	30,000

Asia Pacific		
Mongolia	Institutionalizing community engagement and accountability Ensure communities participate meaningfully in all programmes and operations, improve the National Society's public relations management, improve its transparency and strengthen its accountability to communities through the use of digital communication tools.	30,000
Republic of Korea	Disaster risk reduction training using virtual reality Support the development of innovative capacity building tools by the Asia Pacific Disaster Resilience Centre, with the creation of virtual reality training content, providing seven National Societies with a set of virtual reality devices and providing virtual reality training on disaster risk reduction.	34,500
Sri Lanka	Groundwater recharging for disaster preparedness Introduce groundwater recharging practices into the catchment and tank ecosystem areas to facilitate groundwater retention in drought-prone areas.	29,965
Europe		
Croatia	The Humanity Corner: Educating children in humanity from an early age Share and educate children in humanitarian ideals.	30,000
Portugal	Platforms of Change Address young people's social exclusion and the lack of space and opportunities to develop relevant skills and digital literacy.	24,691
Serbia	Their life is in your hands Raise public awareness through a digital marketing campaign about the value of first aid, CPR and AED use.	24,500
Middle East and North Africa		
Jordan	Improving volunteer management and outreach – volunteers stand for humanity Improve the management system for the recruitment, development, promotion and retention of volunteers to support the National Society's humanitarian operations.	30,000
Libya	Raising community awareness about climate change risks Raise awareness of the risks associated with climate change and highlight personal behaviours that could help mitigate these risks for communities.	30,000
Yemen	Reducing the risk of rockslides and rockfalls Prevent rockslides and rockfalls and contribute to reducing the number of victims and damage by developing intervention measures in Thula in Amran Governorate.	30,000
	Total for 2022	471,712

B) 102ND DISTRIBUTION – 2023

Region/National Society	Programme/project	Grant allocation (CHF*)
Africa		
Burundi	Strengthening community capacities in climate change adaptation Address climate change challenges (e.g. through tree planting and improvement of city waste management) while reducing youth unemployment in Muramvya Province.	29,986
Eswatini	Developing a mobile application to facilitate real-time information-sharing during emergencies Improve data management processes for effective decision-making during emergencies by 2025.	35,000
Guinea	Improvement of maternal and reproductive health through the “safe delivery” mobile health application Develop a mobile health application to comprehensively improve the quality of basic emergency obstetric and neonatal care to reduce maternal and newborn mortality, especially for complex deliveries, in Kankan region.	30,000
Sudan	Restoring livelihoods for vulnerable women Support women affected by floods in Gezeira State through cash, grants and livelihoods tools to enable them to start their own business.	30,000
Americas		
Honduras	Innovations in volunteering to develop the National Society’s humanitarian work at branch level Establish a fund to support innovative micro-projects developed by local volunteers, thereby enabling a stronger connection with communities served by the National Society.	30,000
Paraguay	Climate risk control through a mobile application for communities Develop a mobile application to serve as an early warning system that educates communities on how to respond to floods in seven community districts.	24,300
Uruguay	Youth brigades for psychosocial support among peers Improve mental health resilience among young people by providing training in schools, creating psychosocial support mechanisms and forming youth brigades.	30,000
Asia Pacific		
Fiji	Review and digitization of volunteer programme Move to online volunteer recruitment with two aims: I. Comprehensive health, WASH and disaster volunteer training at community level	30,000

	II. Improved cost, quality and efficiency of volunteer management	
Indonesia	Red response for climate change Pilot a community-based approach to environmental awareness and food security by engaging stay-at-home spouses (150) and children (30) using a renovated community learning centre as a base.	12,322
Thailand	Virtual reality training on earthquake preparedness Improve disaster readiness, mostly for earthquakes, by training children and young people using virtual reality simulation.	30,000
Europe		
Albania	End suffering, stop human trafficking Address the threat of human trafficking by training staff and volunteers and activating peer-to-peer prevention activities in high schools (30).	25,974
Belgium	1001 Voix Engage and empower young people affected by floods to express their feelings on climate change using digital storytelling and social media.	29,600
Middle East and North Africa		
Syrian Arab Republic	E-learning platform and digitized policies for staff and volunteers across Syria Digitize policies for online training courses so that staff and volunteers can access them freely and conveniently.	30,000
	Total for 2023	367,182

* CHF = Swiss francs

Appendices: Regulations (in force since 2015)
Statement of Accounts for 2021 and 2022

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, the Council of Delegates, Seoul 2005 and Geneva 2015)

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. The reserve for loss on investment has to be kept at adequate level (up to 20% of total assets) through donations, interest and capital gains. 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.

**The Empress Shôken Fund
Geneva**

Report of the independent Auditor
On the Financial Statements of
The Empress Shôken Fund
For the year ended 31 December 2022

Report of the Independent Auditor to the Members of the Joint Commission of The Empress Shôken Fund, Geneva

Opinion

We have audited the accompanying financial statements of The Empress Shôken Fund (“the Fund”), which comprise the balance sheet, statement of income and expenditure and notes to the financial statements for the year ended 31 December 2022.

In our opinion, the accompanying financial statements of The Empress Shôken Fund for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the accounting policies set out in the notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Switzerland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to meet the requirements of the Regulation for The Empress Shôken Fund. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Administrator and Those Charged with Governance for the Financial Statements

The Administrator of the Fund is responsible for the preparation of this financial statement in accordance with the accounting policies set out in the notes and for such internal control as the Administrator of the Fund determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Administrator of the Fund is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Joint Commission either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrator of the Fund.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MAZARS Ltd

Michael Ackermann
Swiss Certified Accountant

Fanny Chapuis
Swiss Certified Accountant

Geneva, March 15, 2023

Enclosures

- Financial statements (balance sheet, statement of income and expenditure and notes) for the year ended 31 December 2022

EMPRESS SHÔKEN FUND
Balance Sheet as at 31 December

<u>ASSETS</u>	<u>2022</u> CHF	<u>2021</u> CHF
Current assets		
Derivative financial instruments measured at fair value (Note 8)	11,160	1,747
Withholding tax on dividend income to be refunded	18,815	-
Cash at banks	308,867	462,291
Money Market Funds	686,330	444,585
Investments (Note 5)	13,207,410	16,432,808
	<u>14,232,582</u>	<u>17,341,431</u>
<u>LIABILITIES AND CAPITAL RESERVES</u>		
Current liabilities		
Accounts payable (Note 7)	67,595	8,547
Grants not yet transferred	-	60,000
Total Current liabilities	<u>67,595</u>	<u>68,547</u>
Capital & Reserves		
Capital (Note 3)	12,441,898	12,403,785
Reserve for gains/loss on investments (Note 6)	1,273,089	3,286,562
Reserve for future distributions (Note 4)	450,000	1,582,537
Total Capital & Reserves	<u>14,164,987</u>	<u>17,272,884</u>
	<u>14,232,582</u>	<u>17,341,431</u>

EMPRESS SHÔKEN FUND

Statement of Income and Expenditure for the year ended 31 December

	<u>2022</u> CHF	<u>2021</u> CHF
<u>OPERATING INCOME</u>		
Dividend and interest income, tax refund	96,339	95,754
Withholding tax on dividend income to be refunded	18,815	-
Japan Red Cross contributions	38,113	42,703
Net realized gain on investments and derivative financial instruments	-	853,700
Net unrealized gain on derivative financial instruments (Note 8)	9,413	1,747
	<u>162,680</u>	<u>993,904</u>
<u>OPERATING EXPENDITURE</u>		
Investment manager fee	4,308	18,390
Fund administration fee	50,000	50,000
Audit fee	4,450	-
Bank transfer charges	644	690
Translation expenses	9,048	4,547
Audia visual expenses	-	4,000
Net realized loss on investments and derivative financial instruments	112,843	-
	<u>181,293</u>	<u>77,627</u>
Net income (loss) from operating activities	<u>(18,613)</u>	<u>916,277</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS)</u>		
Unrealized gain/(loss) on investments	<u>(2,618,802)</u>	<u>(65,892)</u>
Net income (loss) for the year	<u><u>(2,637,415)</u></u>	<u><u>850,385</u></u>
<u>ALLOCATIONS</u>		
Allocation to Capital (Note 3)	38,113	42,703
Allocation to Reserve for future distributions (Note 4)	56,116	811,106
Allocation to Reserve for loss on investments (Note 6)	(2,731,644)	(3,424)
	<u><u>(2,637,415)</u></u>	<u><u>850,385</u></u>

EMPRESS SHÔKEN FUND

Notes to the Financial Statements for the year ended 31 December 2022

Note 1 - Activity

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

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.

The day to day administration of the Fund is carried out by an administrator appointed by the Joint Commission.

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.

The capital of the Fund is used for investment purposes, so as to derive returns that will be used to fund projects proposed by National Societies. The capital account is not distributed to National Societies and is augmented every year by voluntary contributions received from the Japanese Red Cross.

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. Changes in fair value are recognised as gain or loss on investments in the Income and expenditure statement.

The Reserve for future distribution is funded by the appreciation of the investment portfolio and the excess of income over expenditure. Distributions are made on the basis of National Society grant requests and subject to approval by the Joint Commission.

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 the International Federation of Red Cross and Red Crescent Societies in administering the Fund and in assisting the National Societies concerned in the realization of their projects.

EMPRESS SHÔKEN FUND

Notes to the Financial Statements for the year ended 31 December 2022

<u>Note 3 - Capital as at 31 December 2022</u>	<u>2022</u> CHF	<u>2021</u> CHF
Capital as at 1 January	12,403,785	12,361,082
Contributions from Japanese Red Cross Society	38,113	42,703
Capital as at 31 December	<u>12,441,898</u>	<u>12,403,785</u>

<u>Note 4 - Reserve for future distributions</u>	<u>2022</u> CHF	<u>2021</u> CHF
Opening Balance as at 1 January	1,582,537	1,247,428
Allocations approved	(470,482)	(475,997)
Allocation to Reserve for future distributions	56,116	807,682
Transfer of gains on investments after allocation to the reserve for loss on investments	-	3,424
Transfer from reserve for future distributions to reserve for loss on investments (Note 6)	(718,171)	-
Closing Balance as at 31 December	<u>450,000</u>	<u>1,582,537</u>

Note 5 - Investments

	Shares	Bonds/Notes	Total
Pictet Asset Management (PAM) closing Balance 2021	7,205,708	9,227,100	16,432,808
Pictet Asset Management (PAM) closing Balance 2022	6,049,611	7,157,799	13,207,410
Net increase/(decrease)	<u>(1,156,097)</u>	<u>(2,069,301)</u>	<u>(3,225,398)</u>

The net decrease in the investments includes purchases, sales and unrealized gains and losses.

EMPRESS SHÖKEN FUND

Notes to the Financial Statements for the year ended 31 December 2022

<u>Note 6 - Reserve for gains/loss on investments</u>	<u>2022</u>	<u>2021</u>
	CHF	CHF
Opening balance	3,286,562	3,289,986
Allocation to reserve for loss on investments	(2,731,644)	-
Transfer excess to reserve for future distribution	-	(3,424)
Transfer from reserve for future distributions	718,171	
Closing Balance	<u>1,273,089</u>	<u>3,286,562</u>

The net decrease of the reserve for loss of investments represents 48.2% of the required target of CHF 2,641,482 and will be replenished during 2023 as stock markets are forecast to rise.

<u>Note 7 - Accounts payable to the IFRC</u>	<u>2022</u>	<u>2021</u>
	CHF	CHF
Fund administration fee	50,000	-
Translation expenses	17,595	4,547
Audia visual expenses	-	4,000
	<u>67,595</u>	<u>8,547</u>

Note 8 - Derivate financial instruments measured at fair value

During the year, the Empress Shoken Fund used derivative financial instruments, notably foreign currency forwards and swaps. These financial instruments are used by the Empress Shöken Fund to mitigate foreign exchange risk and are recognized at fair value with subsequent movements in value reported through the statement of Income and Expenditure.

The following derivative instruments were outstanding:

As at 31 December 2022

Currency	Notional value	Fair Value	Maturity date
CHF	239,307	239,031	10.03.2023
GBP	(210,000)	(232,184)	10.03.2023
CHF	225,935	225,675	10.03.2023
EUR	(230,000)	(226,295)	10.03.2023
CHF	491,848	491,282	10.03.2023
USD	(510,000)	(486,349)	10.03.2023
Total		11,160	

As at 31 December 2021

Currency	Notional value	Fair Value	Maturity date
CHF	183,695	183,959	04.03.2022
USD	(200,000)	(182,213)	04.03.2022
Total		1,747	