AFRICA OPPORTUNITY FUND LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Company

Africa Opportunity Fund Limited ("AOF" or the "Company") is a Cayman Islands incorporated closed-end investment company traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE"). AOF's net asset value as at 31 December 2023 was $9.9 million (2022: $19.2 million) and its market capitalisation was $5.9 million (2022: $12.1 million).

Investing objective

The investing objective of the Company is to achieve capital growth and income through investments in value, arbitrage, and special situations opportunities derived from the continent of Africa. Therefore, the Company may invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa or, if listed, listed either on an African stock exchange or a non-African stock exchange. The Company may invest in equity, quasi-equity or debt instruments, debt issued by African sovereign states and government entities, and real estate interests.

The Directors and Africa Opportunity Partners Limited (the "Manager") believe that the diversity and volatility of African economies present opportunities to earn attractive returns when investments are made selectively, across asset classes, and without pre-determined benchmarks or allocations.

By balancing the size and type of investment, the Directors and the Manager believe that attractive returns may be made across asset classes. Whilst the African capital markets can be volatile, by ensuring diversity of investment across industries and countries, the Manager attempts to mitigate such risks.

The Company targets industries rather than countries to exploit valuation discrepancies which can arise among African countries. The Directors and the Manager also believe that Africa's status as a continent containing a large number of reforming countries provides investment opportunities in those countries.

Summary of Investment Strategy

The Company's investment strategy is opportunistic. The Company invests primarily where and when the Manager believes that investments can be made at a material discount to the Manager's estimate of an investment's intrinsic value.

Company preference. The Company prefers companies which demonstrate both high real returns on assets and earnings yields higher than the yield to maturity of local currency denominated government debt.

Industry focus rather than country focus. The Company seeks to invest in industries it finds attractive with little regard to national borders.

Natural resource discounts. The Company seeks natural resource companies whose market valuations reflect a discount to the spot and future world market prices for those natural resources.

"Turnaround" countries. The African continent is home to a large number of reforming or "turnaround" countries. "Turnaround" countries combine secular political reform with the opening of industries to private sector participation.

Balkanized investment landscape. The Company seeks to invest in companies with low valuations in relation to peers across the continent and uses an arbitrage approach to provide attractive investment returns.

Point of entry. The Company seeks the most favourable risk adjusted point of entry into a capital structure, whether through financing the establishment of a new company or acquiring the debt or listed equity of an established company.

Summary of Investment Strategy (Continued)

The Company intends to be a passive investor and will generally not control or seek to control or be actively involved in the management of any company or business in which it invests.

Investment Policies and Restrictions

New investment policy (Effective 1 July 2019)

Consistent with the 30 June 2019 adoption of the Reorganisation plan as approved at the Company's EGM, the Directors considered it to be in the best interests of the Company and its shareholders that the Company's investment policy be changed to facilitate a realisation strategy and the orderly return of capital to shareholders. Shareholders approved the adoption of the New Investment Policy effective 1 July 2019.

The Company will be managed with the objective of realising the value of the assets in its portfolio in a prudent manner with a view to making an orderly return of capital to shareholders over time.

The Company's investment objective will be undertaken with a view to realising all of its investments in a manner that seeks to achieve a balance between maximising the value from the Company's investments and making timely returns of capital to shareholders.

The Company will sell or otherwise realise its investments with the objective of achieving the best exit values reasonably available within reasonable time scales.

The Company will cease to make any new investments (unless additional funds are required for existing investments within the Company's portfolio) and shall not undertake additional borrowing other than to refinance existing borrowing or for working capital purposes.

Any cash received by the Company as part of the realisation process will be held by the Company as cash on deposit and/or as cash equivalents.

The Manager adheres to the following policies and restrictions:

Geographical focus. The Company makes investments in companies or assets with a material portion of their value derived from or located in Africa. The geographic mix of investments varies over time depending on the relative attractiveness of opportunities among countries and regions.

Type of investment. The Company may invest in real estate interests, equity, quasi-equity or debt instruments, which may or may not represent shareholding or management control, and debt issued by African sovereign states and government entities. Investments may be made directly or through special purpose vehicles, joint venture, nominee or trust structures. The Company may utilise derivative instruments to hedge certain market or currency risks and may from time to time engage in the short sale of securities.

Investment size. At the time of investment, no single investment may exceed 15 per cent of the Net Asset Value without the prior approval of the Board. No single initial investment will exceed 20 per cent of the Net Asset Value at the time of investment.

Number of investments. The Company has, and expects to maintain, a concentrated portfolio of approximately 10 to 20 investments, excluding money market investments.

Borrowing. The Company may use overdraft and other short-term borrowing facilities to satisfy short-term working capital needs, including to meet any expenses or fees payable by the Company. The Manager anticipates that borrowings may be utilised for investment purposes with the prior approval of the Board. There are no limits on the Company's ability to leverage itself.

Cash management. Cash will be placed in bank deposits, investment grade commercial paper, government and corporate bonds and treasury bills, in each case, of US and African issuers.

Distribution policy

Subject to market conditions, compliance with the UK Companies Law and having sufficient cash resources available for the purpose, the Company intends to pay the following dividends on the Ordinary Shares: an amount equal to the total comprehensive income of the Company as that expression is used in international accounting standards (excluding net capital gains/(losses) in accordance with the Investment Management Association Statement of Recognised Practice), such amount to be paid annually. The Company has been accepted into the UK Reporting Fund Status regime.

Upon shareholder approval at the June 2019 EGM, the Company initiated a change to the distribution policy. While the Company intends to continue to meet the requirements of the UK Reporting Fund Status regime, the Company will undertake a staged return of capital to shareholders.

The Company will undertake the return of capital by way of a compulsory redemption of Ordinary Shares. The Articles were amended to permit the Directors, at their sole discretion, to undertake a Compulsory Redemption of Ordinary Shares on an ongoing basis, pro rata, to a shareholder's shareholding in the Company, to return capital to shareholders.

The Directors continue to have the right to return cash otherwise than through Compulsory Redemptions, such as by way of tender offers to shareholders to purchase their Ordinary Shares. In such circumstances, a tender offer will be made to shareholders in accordance with market practice and in compliance with the Listing Rules (to the extent the Company voluntarily complies with these) and applicable law. Further, the Directors may determine, in their absolute discretion where they consider it to be in the best interests of shareholders, to return cash from sales made pursuant to the New Investment Policy to shareholders by way of dividend or any other distribution permitted by the Listing Rules (to the extent the Company voluntarily complies with these) and applicable law.

Life of the Company

The Company does not have a fixed life, but the directors consider it desirable that its shareholders should have the opportunity to review the future of the Company at appropriate intervals. The Directors most recently convened an extraordinary general meeting in June 2022 where a resolution was made regarding the continued existence of the Company. The 2022 resolution passed, as the shareholders voted for the continuation of the Company during a two-year period concluding on 30 June 2024 (the “Return Period”). This resolution further extended the continuation of the Company, as the shareholders had previously extended the Company for a three-year period in 2019. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy at the end of the Return Period. To that end, an ordinary resolution for the Company's continuation will be proposed at an extraordinary general meeting to be convened at the end of the Return Period.

CONTENTS	**PAGE**

2023 Review

Africa Opportunity Fund Limited
Chairperson's Statement

Africa Opportunity Fund (the "Fund" or "AOF") completed 48 months of its asset realisation period as of 30 June 2023. It made five distributions to shareholders amounting to $44 million or 92% of its December 2019 net asset value. The Fund's total return between June 2019 and December 2023 has been 5% versus -2% for the MSCI EFM Africa index, -5% for S&P Africa Top 40 Index, and for exchange traded funds: -10% for Lyxor Pan-Africa exchange traded fund, -17% for XMAF LN, and -20% for AFK US.

2023 was a tough year for the Fund as its net asset value (including redemptions) fell 9%. To provide some basis for comparison, South Africa rose 2%, Nigeria fell 21%, Kenya fell 37%, and Egypt rose 45%. In non-African emerging markets, China fell 11%, Brazil rose 33%, Russia rose 27% and India rose 19%. In developed markets, Japan rose 23%, the US rose 26%, Europe rose 19%, and the UK rose 12%.[1]

Africa's macro-economy experienced signs of nascent recovery in 2023. The UN Food and Agricultural Organization World Food Price index fell 10% in 2023. Brent crude oil fell 11% from $86 per barrel at the end of 2022 to $77 per barrel at the end of 2023[2]. Sovereign debt burdens, though, remain heavy, with government interest expense as a percentage of government revenues, exceeding 20% in several large economies. South Africa and Kenya are examples. Other African countries suffered foreign exchange shortages, whether overt or covert, including Nigeria, Egypt, and Zambia. Forex transaction costs in some of those countries imposed substantial exit penalties on the Fund. Commercial real estate in some countries is viewed as both a hedge against high inflation and an imperfect hedge against devaluations. Zimbabwe is a prime example. The Zimbabwe Dollar lost 95% of its value against the Dollar precipitating, ironically, a material rise of 35% in the Dollar value of real assets such as the Zimbabwe property companies in which the Fund is invested. Ghana's economic growth was anemic, as the effects of its government's default on its domestic sovereign debt reduced national economic wealth. It has made solid progress with both its bilateral official creditors and its multilateral creditors. The unfinished phase of its debt default negotiations is with its Eurobond creditors. Ghana's inflation rate has halved from 53% in early 2023 to less than 25% to date. We remain cautiously optimistic about investment prospects in Ghana.

AOF's 2023 strategy was one of deliberate realisation to maximise the value of the assets returned to shareholders. The Fund sold its investments through the secondary private and public markets.

2024 Outlook

The International Monetary Fund forecasts Sub-Saharan Africa's 2024 gross domestic product to rise by 4% while inflation continues to decline in the region.[3] Both regional growth and inflation are trending in the right direction. Countries like Cote d Ívoire and Kenya have regained access to the Eurobond market while major economies like Nigeria and Egypt are reducing their foreign exchange repatriation queues. Market valuations, as captured by indices like the MSCI EFM Africa Index, have also begun to recover from post Global Financial Crisis historical lows.[4] In sum, 2024 should be a year in which the market capitalisations of African companies show signs of recovery.

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[1] Reference indices are calculated in US Dollars using: Nigeria NSE Allshare Index, South Africa FTSE/JSE Africa Allshare Index, Nairobi NSE Allshare Index, Egypt Hermes Index, Moex Russia Index (previously known as Russia MICEX Index), Brazil IBOV Index, the Shanghai Shenzen 300 CSI Index, the India SENSEX Index, the S&P 500, the Stoxx Europe 600 Index, the FTSE 100 and the Nikkei 225.
[2] Bloomberg.
[3] International Monetary Fund, Regional Economic Outlook Sub-Saharan Africa, October 2023, page 10.
[4] Bloomberg, MSCI EFM Africa Index (MXFMEAF Index) Price/Cash Flow multiples of 7.33x (2022) and 7.73x (2023).

AOF will hold an extraordinary general meeting to determine its future as set out when the Company's continuation vote was passed at an EGM in June 2022. The board believes that the low valuations and improving macro-economic trends in Africa will lead to a significant improvement in investment conditions in Africa in 2024, with numerous attractive opportunities available that could, in time, deliver attractive returns to shareholders. With what amounts to a 'for sale sign' borne by the Fund's current holdings due to the realisation process, the fund is considering the best way to achieve value for its remaining investments and will update shareholders on this exercise in the near future. This could include a resumption of an active investment process if this led to greater returns to shareholder.

In closing, I wish also to extend my thanks to our shareholders for their support.

Dr. Myma Belo-Osagie
Chairperson
29 April 2024

2023 marked the sixteenth full year of operation of Africa Opportunity Fund (the "Fund" or "AOF"). Its ordinary shares had an annual return of -9.2%. At year-end, Africa Opportunity Fund LP – the investment subsidiary of AOF held $0.1 million in cash, and $8.7 million in equity securities. The Fund's underlying end-of-year holdings were in Ghana, Kenya, Mauritius, and Zimbabwe.

The Fund exited Botswana, Tanzania, and Zambia. It made those disposals via the secondary markets primarily in block trades. The balance of this report will discuss a few of the Fund's holdings.

Enterprise Group's total return of its shares was -36% in 2023. The unrealized loss of its -23% Cedi-denominated total return was compounded by the 13% depreciation of the Cedi. Ghana's exchange of its domestic government debt for lower interest and longer tenor government debt could impose a cumulative 40% reduction in the net present value of Enterprise's investment securities portfolio. A considerable part of that reduction will be absorbed by its life fund policyholders. Nevertheless, Enterprise's equity attributable to shareholders, at $78 million, at the end of 2023, was flat when compared to $77 million of equity at the end of 2022. However, it was down 24% when compared against the $102 million of equity at the end of 2021. That 24% decline was substantially better than the 47% collapse of the Cedi, against the Dollar, since December 2021. Ghana's entire financial sector has experienced liquidity challenges in response to this domestic debt exchange. We expect the embedded value of Enterprise Life to fall because of the domestic debt exchange. From the market share and competitive positioning perspective, however, we expect Enterprise to increase its relative strength. Over the last 25 years to 2023, despite the Cedi depreciating by 98% against the Dollar, Enterprise's insurance revenues alone, in Dollars, have climbed 60x to $108 million, its net profits attributable to shareholders has climbed 15x to $12 million, and its net cash from operating activities has risen 76x to $46 million. Enterprise should return, in a few years, to growing its business in both Cedis and Dollars.

The Fund's second largest holding is in African Leadership International ("ALI"). ALI: (a) has an educational division – ALX - that uses only student-driven and technology enabled instruction to train its students to become software engineers or engage in other software-related activities; (b) maintains a network for connecting talented individuals - the Room - to economic opportunities; (c) collaborates with both charitable organizations and companies to accelerate job creation on the African continent for its network; and (d) employs some of its graduates in software consulting operations. ALI renamed itself as Sand Technologies, in 2023, after acquiring an AI consulting firm and its academy for training data scientists and data analysts. The Fund's ALI holding, through sales in the private secondary market, was reduced by 14% in 2021, 16% in 2022, and an additional 19% in 2023. We expect to sell down our ALI holding in the private secondary market.

The Fund's Zimbabwean property holdings turned in solid returns. The Fund's internal estimates of the Zimbabwe Dollar declined by 94%. This property portfolio, however, rose by 35%, implying considerable share price appreciation in Zimbabwe Dollars. Mashonaland Holdings' share price soared by 1435% while FMP's share price was up by 2584%, both in Zimbabwe Dollars. Our internally derived Zimbabwe Dollar exchanges rate continue to serve as a realistic and conservative rate for valuing the Fund's Zimbabwean holdings. Zimbabwe continues to suffer from hyperinflation and intense foreign currency shortages. Nevertheless, our property holdings do preserve purchasing power in the long run. Our intent in disposing of these holdings remains to minimise the devaluation risk facing disposal proceeds as a result of repatriation to Dollars.

Kenya Power's shares suffered a total return of -28% in Dollars, as the Kenyan shilling depreciated 22% against the Dollar, in 2023. Since the start of 2024, the Kenyan shilling has appreciated 18% to the end of March, as the Kenya government has dissolved solvency doubts by raising concessional debt from the Bretton Woods institutions and issuing Eurobonds to refinance an existing Eurobond issue maturing in June. Yet, the Kenya government remains at high risk of debt distress because interest expense consumes approximately 30% of national tax revenues. The Fund's investment in Kenya Power has been deeply disappointing. We should have considered, with an increased degree of scepticism, the likely independence of Kenya's energy authorities to protect Kenya Power's legislated right to fixed and adequate return on its large investments in Kenya's distribution and transmission capacity.

Kenya Power swung from a profit of $29 million in the year ending 30 June 2022 to a loss of $25 million in 2023. The principal cause for that dramatic swing was unrealized foreign exchange losses incurred on outstanding concessional debt denominated in Dollars. Those losses more than doubled from $58 million in 2022 to $133 million in 2023. It swung to a modest profit of $2 million in H1 2024 because Kenya's energy regulatory authority approved a long-overdue electricity tariff increase in April 2023. The delay is symptomatic of a tendency for the Kenyan energy authorities to align their tariff decisions with Kenya's electoral calendar and electorally pleasing promises made by its rulers. This tendency was accentuated by two other patterns: expensive power, denominated in Dollars, purchased from independent power producers by Kenya Power; and the failure of government-controlled entities such as the new Lamu port and the Standard Gauge Railway constructed by Chinese contractors to become new consumers of that expensive power as set forth in the government's plans. The April 2023 approved tariffs assure Kenya Power of a material increase in its profitability until April 2026.

Furthermore, the Kenya government has announced its intention of selling Kenya Power's transmission assets to a wholly-owned subsidiary called Kenya Transmission Company ('Ketraco'), at market value, in exchange for Ketraco's assumption of a principal amount of Kenya Power's concessional foreign debt equal to the market value of those transmission assets. This restructuring is scheduled to be completed by the end of 2024 and will reduce sharply Kenya Power's vulnerability to depreciation of the Kenyan Shilling and reduce its overall debt burden. At this juncture, the market accords scant credibility to the utterances of the Kenyan government. We think its disclosed plans are likely to be fulfilled because they create an efficient mechanism to address both the needs of Kenya Power and serve the interests of the Kenyan government.

We shall strive to preserve the value of the Fund in this fog of doubts and uncertainty. We continue to believe that the Fund's holdings are undervalued.

Francis Daniels
Africa Opportunity Partners
29 April 2024

Investments exceeding 1% of net assets value

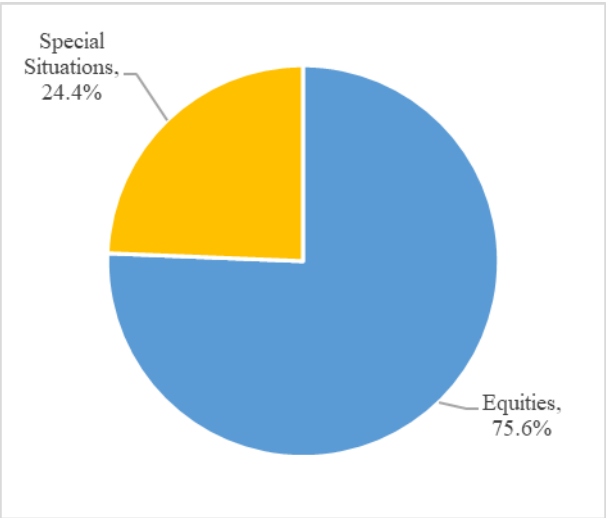
As at 31 December 2023

Securities	Market Value USD	% of NAV
Enterprise Group Ltd	3,395,779	34.4%
Sand Tech Holdings Ltd, (Formerly known as African Leadership International Limited)	2,125,800	21.5%
First Mutual Properties Ltd	1,754,422	17.8%
Mashonaland Holdings Ltd	1,140,790	11.6%
Kenya Power & Lighting Ltd	217,987	2.2%

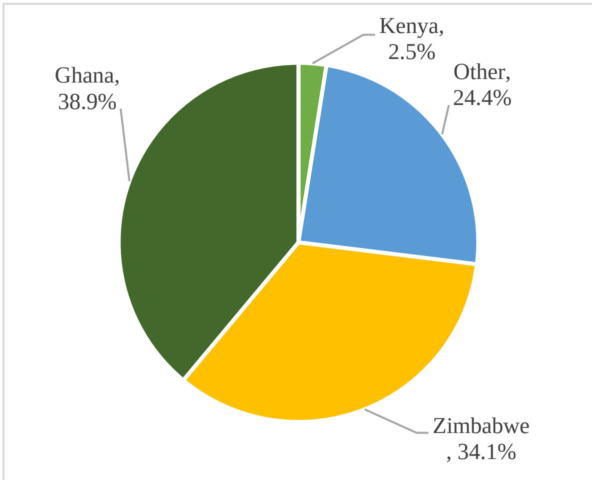
Strategy and geography graphs for the investment portfolio **(%'s of investment portfolio)**

As at 31 December 2023

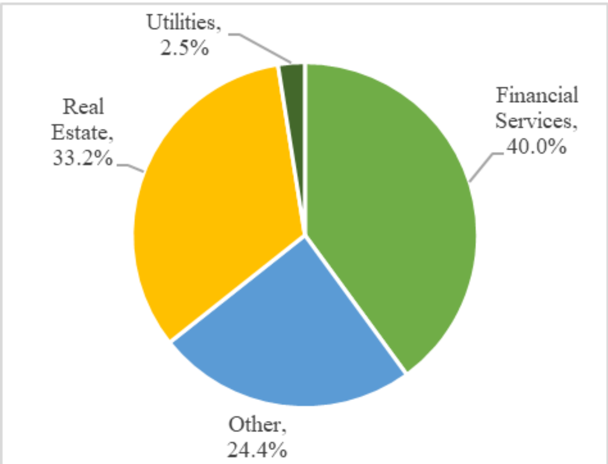
Strategy



Geographic Exposure



Equity by Sector



Investments exceeding 2% of portfolio – with cost and value information, as applicable

As at 31 December 2023

ENTERPRISE GROUP LTD
Instrument: Ordinary Shares
Listing: Ghana Stock Exchange
Symbol: EGL GH
Shares outstanding: 170.9 million
Market capitalization: 34.2 million USD
Website: www.myenterprisegroup.io
Cost of AOF's Shareholding: US$ 6,160,649
Value of AOF's Shareholding: US$ 3,395,778
Principal activity: Property and casualty insurance, life assurance, and ownership of commercial and mixed-use property.

SAND TECH HOLDINGS LIMITED (FORMERLY AFRICAN LEADERSHIP INTERNATIONAL LIMITED)
Instrument: Preference shares
Listing: Unlisted
Website: www.algroup.org
Cost of AOF's Shareholding: US$ 762,188
Value of AOF's Shareholding: US$ 2,125,800
Principal activity: African Leadership Group prepares African youth for placement in skilled employment through tertiary and technical training institutions and courses.

MASHONALAND HOLDINGS LTD
Instrument: Ordinary Shares
Listing: Zimbabwe Stock Exchange
Symbol: MASH ZH
Shares outstanding: 1.9 billion
Market capitalization: 19.0 million USD
Website: www.masholdings.co.zw
Cost of AOF's Shareholding: US$ 2,801,425
Value of AOF's Shareholding: US$ 1,140,790
Principal activity: Mashonaland Holdings Limited owns commercial property in the retail and office sectors and undeveloped land and is a property developer.

FIRST MUTUAL PROPERTIES LTD
Instrument: Ordinary Shares
Listing: Zimbabwe Stock Exchange
Symbol: FMP ZH
Shares outstanding: 1.2 billion
Market capitalization: 28.8 million USD
Website: www.firstmutualpropertiesinvestor.com
Cost of AOF's Shareholding: US$ 2,364,971
Value of AOF's Shareholding: US$ 1,754,422
Principal activity: First Mutual Properties owns commercial property in the retail and office sectors and undeveloped land and is a property developer.

KENYA POWER & LIGHTING LTD
Instrument: Ordinary Shares
Listing: Kenyan Stock Exchange
Symbol: KPLC KE
Shares outstanding: 2.0 billion
Market capitalization: 17.7 million USD
Website: www.kplc.co.ke
Cost of AOF's Shareholding: US$ 3,636,864
Value of AOF's Shareholding: US$ 217,987
Principal activity: The Kenya Power & Lighting Co. Plc engages in the transmission, distribution and retail of electricity. It operates through the following geographical segments: Nairobi, West Kenya, Coast and Mount Kenya Region. The company was founded on January 6, 1922 and is headquartered in Nairobi, Kenya.

Introduction

Investment in Africa contains elements of risk. The qualitative risk disclosures section describes how the Company manages the risk of loss of capital of the Company. Loss of capital may arise from market risk, credit risk, liquidity risk, or operational risk. Market risk comprises the possibility of loss of capital arising from movements in interest rates, equity prices, or currencies against the US Dollar, the reporting currency of the Company. Credit risk, in turn, is the possibility of loss of capital of the Company arising from a failure of the issuer of a debt instrument to repay the principal or interest of that instrument in accordance with its contractual terms. Liquidity risk is the risk that the Company, even if it has adequate capital resources, does not have enough financial resources to meet its obligations as they fall due or can secure them at a high cost. Operational risk is the possibility of the Company suffering from inadequate or failed internal processes, people, systems or external events.

Market risk

African capital markets have suffered from high inflation, extreme depreciations (or appreciation) of African currencies against the US Dollar, the effects of huge changes in the gross domestic product of a country because of that country's dependence on the export of one or two commodities, adverse weather conditions, epidemics, pandemics, severe power outages, unpredictable regulatory frameworks, and political disasters. It is difficult for the Company to design systems to protect itself against such potential calamities. But caution, judgment, experience, and knowledge of the political economies of the different African countries can mitigate the susceptibility of the Company to those dangers.

Where possible the Company does seek to limit its market risk. However, the menu of options is limited, as foreign exchange controls, double digit nominal interest rates, small and illiquid stock markets, prohibitions on foreign participation in local government debt markets, and the illegal nature of short selling characterise several African economies. Consequently, the Company invests where possible in a variety of investment instruments and currencies spread across the continent, and focuses upon nominal high yielding debt instruments, preferably with a real inflation-adjusted return, and undervalued equities.

Although the Company seeks to create a concentrated investment portfolio, the Company had limits on the degree of concentration of the portfolio as part of its market risk management strategy. In liquidation, realisation opportunities may create situations in which the portfolio is heavily concentrated in a limited number of investments.

Credit risk

The Company aims to minimize its credit risk. The Company, through the Manager, seeks to manage credit risk by ensuring that no single investment exceeds 15 percent of the net asset value of the Company without the prior approval of the Board. In addition, the Manager seeks to extend credit to either credit worthy issuers or issuers issuing instruments supported by adequate collateral.

Liquidity risk

The Company considers its current liquidity risk to be modest because it has sufficient financial resources to meet any obligations and has not incurred any debt. This risk is further mitigated as a result of the new investment and distribution policies, which result in increased cash and cash equivalent balances.

Operational risk

The Company seeks to limit operational risks by dispersing oversight and control of its assets among different institutions with a contractual duty to check each other. The records of the Company are maintained by an administrator independent of the Manager, each director of the Manager, and each director of the Company. The assets of the Company are entrusted to custodians that are independent of the Manager and the Company's administrator. Instructions to the custodian must be in writing and signed by a representative of the administrator and a representative of the Manager. The administrator prepares written instructions for the disbursement of funds only after the submission of actual invoices, in the case of expenses, by service providers to the Company or trade instructions in the case of investments. Authorised trade instructions implemented by the administrator and the custodian lead to either the receipt of securities by a custodian or the receipt of cash by a custodian when the Company sells a security. The custodian and key service providers have backup plans and offsite places to ensure an ability to conduct operations in the event of a disaster.

Myma Adwowa Belo-Osagie (71 years) (Non-executive chair).

Dr Belo-Osagie is a member of the New York, Ghana and Nigeria Bars. She is a practicing attorney and the former managing partner in Udo, Udoma & Belo-Osagie, a leading Nigerian corporate law firm. Dr. Belo-Osagie is a director of FSDH Merchant Bank Limited, Boston Investments Limited and several other African companies including African Fabrics BV and Ghana Airport City Development Limited. Dr. Belo-Osagie graduated from the University of Ghana with a LLB degree. Dr Belo-Osagie obtained a LLM degree and a SJD degree from Harvard Law School.

Robert C. Knapp (58 years) (Non-independent, non-executive director).

Mr. Knapp is a principal of Ironsides Partners LLC, a firm he founded in 2007. He worked for 10 years as a fund manager at Millennium Partners, L.P. in New York. Mr. Knapp is a director of Africa Opportunity Partners Limited, the investment manager of AOF. He is also the lead independent director of MVC Capital, Inc., an investment company listed on the New York Stock Exchange, and director of several other companies including Pacific Alliance Group Asset Management Limited and Veracity Worldwide LLC. Mr. Knapp specializes in emerging markets, natural resources, distressed debt, and closed end fund arbitrage. He holds a BSc degree in engineering from Princeton University and a BA degree in Philosophy, Politics, and Economics from Oxford University.

Shingayi Stanley Mutasa (65 years) (Non-executive director).

Mr. Mutasa is the CEO of Masawara PLC, an investment company focused on acquiring interests in companies and projects based in Zimbabwe and the southern Africa region. Mr Mutasa was previously the chairman of TA Holdings, a Zimbabwean stock-exchange listed company and a member of the board of directors of Masawara PLC. TA Holdings is a holding company with insurance, insurance brokerage, hotels, and fertilizer operations. Mr. Mutasa graduated from University College London with a B.Sc degree in Economics.

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Principal activity

The principal activity of the Company is that of an investment company. A review of the business of the Company is set forth in the Manager's Report.

Results and dividend

The net decrease in assets for the period was US$9.3 million (2022: net decrease of US$6.9 million). The results of the Company for the period ended 31 December 2023 are set forth on page 27. Subject to market conditions, compliance with the Companies Law and having sufficient cash resources available for the purpose, the Company intends to pay the following dividends on the Ordinary Shares: an amount equal to the total comprehensive income of the Company as that expression is used in international accounting standards (excluding net capital gains (losses) in accordance with the Association of Investment Corporations Statement of Recognised Practice), such amount to be paid annually.

As a Reporting Fund, the Company has an annual requirement to calculate and report to the UK investors and HMRC the reportable income per share and distributions made for each share class. The Company, subject to having sufficient cash reserves, typically intends to pay a dividend equal to the total reported income per share. Based on these calculations, excess reported income of $0.0242 per share was calculated for 2022. No dividends related to the 2022 calendar year were distributed in 2023 to the Ordinary Shareholders. The 2023 calculation and payment will occur prior to 30 June 2024.

Status

The Company was incorporated with limited liability on 21 June 2007 and is registered in the Cayman Islands as an exempted company, under registration number MC-188243. As a closed-ended investment company, the Company is not regulated as a mutual fund in the Cayman Islands and is not otherwise subject to regulatory review in its place of incorporation. However, the Company is subject to the London Stock Exchange Prospectus Rules and the Disclosure and Transparency Rules as published by the London Stock Exchange from time to time.

Effective as at 31 December 2023, subsequent to a compulsory distribution in June 2023, the total number of ordinary shares is 11,468,907 (31 December 2022: 20,214,590).

Subsidiary companies and affiliates

The Company is the ultimate holding company of Africa Opportunity Fund (GP) Limited, a company incorporated in the Cayman Islands on 25 June 2007 under registration number MC-189739, and is the principal limited partner of the Africa Opportunity Fund L.P., an exempted limited partnership registered in the Cayman Islands on 25 June 2007 under registration number MC-20466 ("the Limited Partnership").

Share interests

Save as set out below, pursuant to notices delivered to us by such persons, the Directors are not aware of any person, directly or indirectly, jointly or severally, interested in ten percent or more of the issued share capital of the Company:

Name	Number of Shares	Percentage
1. Robert Knapp	6,238,860	54.40%
2. Metage Capital	1,565,943	13.65%

Directors

The present members of the board of directors are listed on page 12.

The interests (all beneficial) of the current Directors and their connected persons in the shares of the Company on 31 December 2023 are set out below:

Name	Number of Ordinary Shares	Percentage
Robert Knapp	6,238,860	54.40%
Francis Daniels	331,401	2.89%
Myma Belo-Osagie	15,234	0.13%

Between the prior year-end and the date of this report, compulsory redemptions were made in June 2023, whereby 43.26% of the ordinary shares were compulsorily redeemed. Robert Knapp's holding was compulsorily reduced to 1,851,485 shares (2022: 3,263,346 shares) and Myma Belo-Osagie's holding was compulsorily reduced to 15,234 shares (2022: 27,008 shares). Francis Daniels, who maintained a holding of 584,113 shares or 2.89% of the outstanding shares as at 31 December 2022 was compulsorily reduced to 331,401 shares. Mr. Daniels is a director of the Manager. On 13 December 2023 Robert Knapp purchased 3,000,000 ordinary shares of AOF, individually. Also on 13 December 2023, Robert Knapp and Francis Daniels via their ownership of Africa Opportunity Partners LLC's investment in the Africa Opportunity Cayman Limited fund, purchased an additional 1,387,375 shares. Robert Knapp's interest above reflects both the individually held shares, as well as those held via the Africa Opportunity Cayman Limited fund.

The Manager

Africa Opportunity Partners LLC is the Company's manager. It has been engaged under the terms of a management agreement (the "Management Agreement"), effective from 18 July 2007. Robert Knapp and Francis Daniels (the "Executive Team") are directors of the Manager and are beneficially interested in the Manager. The Management Agreement is terminable by either party on a minimum of one year's notice expiring on or at any time after the fourth anniversary of the effective date of the Management Agreement.

Effective 1 July 2019, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

No management fee was charged during the Return Period.

Performance fees

The Investment Manager's entitlement to future performance fees (through CarryCo) was cancelled as part of the 2109 EGM Circular and CarryCo's limited partnership interest in the Limited Partnership will be transferred to the Company for nominal value. No performance fees were charged during the Return Period.

Realisation fees

The Investment Manager shall be entitled to the following realisation fees during the Return Period from the net proceeds of all portfolio realisations (including any cash returned by way of a Compulsory Redemption): On distributions of cash to Shareholders: 1 per cent of the net amounts realised.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

Details of fees paid and payable can be found in Note 12 in the Notes to the Financial Statements.

Corporate Governance

Corporate Governance Statement

The Company is not required to comply with the UK Corporate Governance Code (the "UK Code") published by the Financial Reporting Council as it is listed on the Specialist Fund Segment ("SFS") of the LSE, and SFS listings are not deemed premium LSE listings requiring compliance. The Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance (the "AIC Code").

The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Board recognises that reporting the principles of the AIC Code (which incorporates the Corporate Governance Code), will provide better information to the Shareholders.

There is no applicable regime of corporate governance which directors of a Cayman Island company must adhere to over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Cayman Island law. However, the directors recognise the value of both the AIC Code and the UK Code issued by the Financial Reporting Council and will take appropriate measures to ensure that the Company complies with policies and procedures which reflect those principles of Good Governance and Code of Best Practice as far as is practicable and to the extent appropriate given the Company's size, assets, liabilities and other relevant information.

The UK Code includes provisions relating to:

- The role of the Chief Executive;
- Remuneration of Executive Directors;
- Annual re-election of Directors with tenure in excess of nine years; and
- The necessity for an internal audit function.

As an externally managed investment company, the Board considers these provisions to not be relevant to the Company, particularly as the day-to-day management and administration functions are outsourced to third parties. As such, the Company has not reported further on these provisions.

Since all Directors are non-executive, the principles of the UK Code in respect of executive directors' remuneration are not applicable. Additionally, as there are no direct employees, the Board has no necessity to develop a policy for executive compensation. Accordingly, the Board of Directors of the Company has not appointed a Remuneration Committee to date. The Board will consider appointing a Remuneration Committee to develop a policy and to determine changes to the remuneration packages of individual directors. Previously, the board remuneration was determined collectively by the Board after an analysis of comparable remuneration packages for Boards of companies of similar size and type. This analysis was conducted by the Investment Manager and presented to the Board for their review and consideration.

The Company, due to the current liquidation strategy, believes that the shareholders are best served by having experienced and knowledgeable Directors who have been part of the operations of the Company during the realisation process. As such, the Board has deemed the continuance of re-electing non-executive Directors on a three-year term more appropriate than following Provision 18, which recommends annual re-election for Directors with nine or more years of tenure. Dr. Belo-Osagie and Mr. Mutasa were submitted for re-election in 2022, thus Mr. Knapp was the sole director submitted for re-election in 2023.

The Fund has a traditional Board structure consisting of a non-executive Chair, a non-independent non-executive director and a non-executive director. Audit and Management Engagement committees are chaired and composed of non-executive directors, and report directly to the Board. Each of the Audit Committee and a Management Engagement Committee, as established by the Company, has formally delegated duties and responsibilities.

The Role of the Board

The Board is accountable to AOF's shareholders for the conduct of the operations of the fund as well as the long-term direction and success of the fund. The Board is responsible for the governance of the Fund, including but not limited to its operations, strategy, performance and compliance with the UK Code. The Board's responsibilities are separate from the day-to-day operations of the Fund. Certain responsibilities of the Board have been delegated to the Audit committee and to the Management Engagement Committee. The Board has authorised these committees to operate on behalf of the Board, and to provide recommendations to the Board, but retains the final authority for all decisions.

The Board's areas of accountability include, but are not limited to: approval of interim and annual financial statements including the assurance that the accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance; the continuation of the investment management team and its related remuneration; operations and major business and strategy decisions of the Fund; review of Investment Manager transactions and actions on behalf of the Fund including the staffing and resources committed to the fund by the Investment Manager; analysis of the Investment Manager as it relates to performance in comparison with its peers; and, any major decisions made by the Investment Manager on behalf of the Fund that materially impacts the shareholders of the Fund. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards ("IFRS") as a basis for preparation best reflects the financial position and performance of the Company. Other than financial assets at fair value through profit or loss, the carrying value of the remaining assets, which were determined in accordance with the accounting policies, have been reviewed for any possible impairment, and consideration has been given to whether any additional provision is necessary as a result of the Directors' intention to wind up the Company at the end of the 'Return Period' as per the New Investment Policy in June 2024, unless a further extension is requested and approved.

The Board composition

The Board currently consists of three members; a non-executive independent Chair, a non-executive non-independent director, and a non-executive independent director. The Chair is responsible for the leadership of the board and ensuring its effectiveness on all aspects of its role.

The Chair and the non-executive independent directors are independent of the Company's Investment Manager. Biographies of the Directors appear on page 12, demonstrating the wide range of skills and experience they bring to the Board. The Board meets at least four times a year for regular, scheduled meetings, and should the activity of the Company require it, additional meetings may be held. At each meeting the Board follows a formal agenda and receives full details of the Company's assets, liabilities, and other relevant information in advance of meetings. The primary focus of the Board meetings is a review of investment performance and associated matters such as asset allocation, investor relations, industry issues and principal risks. Directors may seek independent professional advice on any matter that concerns them, at the expense of the Company, in furtherance of their duties.

The Directors are submitted for re-election every three years on a rotating basis. Dr. Belo-Osagie and Mr. Mutasa were submitted for re-election in 2022. Mr. Knapp, as a non-independent director, is submitted for re-election on an annual basis. Mr. Knapp was re-elected to the Board at the 2023 AGM, and Dr. Belo-Osagie, Mr. Mutasa were re-elected to the Board at the 2022 AGM. The Board has reviewed Provision 23 of the AIC Code and Provision 18 of the UK Code, which states that all directors should be subject to annual election by Shareholders. The Board has considered this position, and continues to consider this inappropriate for the Company as it places an inordinate emphasis on short-term composition and would interfere with the Board's ability to act as a cohesive and efficient board. The long-term familiarity with the Company has been deemed to continue to be of particular importance due to the investment policy and distribution changes enacted at both the 2019 and 2022 EGMs. Additionally, the new investment strategy of the Company requires specific knowledge of the markets and specific issues with regard to trading within those markets. The composition of the Board has been carefully considered to ensure that the necessary knowledge and skills specific to the amended Investment Policy and Distribution Policy remain inherent within the Board.

The Company does not have a current nominating committee. Due to the necessity to reduce the Board in 2019 in consideration of the new investment policy and distribution policy, a nominating committee is not currently a necessity. There is no intention of making changes to the Board during the Return Period. The existing Board, in consultation with the Investment Manager thoroughly evaluated the requirements of the Board, and required skill sets, to ensure it was constituted appropriately to ensure oversight of the amended polices. The Board does not currently have a continuing education program in place. As demonstrated by the biographies on page 12, the Board consists of a diverse group of highly skilled individuals with complementary knowledge specific to the investment strategy and operations of the Company, particularly suited to oversee the ongoing realisation strategy.

Dr. Myma Belo-Osagie was nominated and elected as the Chair of the Board in April 2014 and re-elected to the Board in 2019 and 2022. Dr. Belo-Osagie has been a director since 2007 and her appointment to Chair was in consideration of her past efforts on behalf of the Board and the prior demonstration of her effectiveness as a member of the Board. The Chair is responsible for the leadership of the Board and ensuring its effectiveness on all aspects of its role.

Division of responsibilities

In accordance with the Code there is a clear division of responsibilities between the Board and the members of the Investment Manager.

Statement of Directors' responsibilities

The financial statements are required by law and IFRS to present fairly the financial position of the Company and the financial performance and cash-flows of the Company for the relevant period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates which are reasonable and prudent;
- State whether the financial statements have been prepared in compliance with IFRS, subject to any material departures disclosed and explained therein;
- Present information, including accounting policies, in a manner which provides relevant, reliable, comparable, and understandable information;
- Provide additional disclosures where compliance with the specific requirements of IFRS are considered to be insufficient to enable users to understand the impact of particular transactions, events and conditions on the financial position and performance; and
- Prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS and all applicable company law. The Directors also have a general responsibility for taking such steps as are reasonably available to them, and for ensuring their third-party service providers take similar reasonable steps, to safeguard the assets of the Company and to prevent or detect fraud and other irregularities.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Company's system of internal controls which are reviewed for effectiveness on an annual basis. These systems have been in place for the year under review, and up to the date of approval of the annual report and accounts. The Board reviews not just internal financial controls but all controls including operations, compliance and risk management. Internal control systems are designed to meet the particular needs of the Company and manage the risks to which it is exposed, and by their very nature provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal control are as follows:

- Investment management is provided by Africa Opportunity Partners LLC under the Investment Management Agreement. The Board is responsible for ensuring the Investment Manager adheres to the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings. To this end the Investment Manager, at each Board meeting, provides the Board with a comprehensive portfolio review as well as a detailing of all investment transactions and management visits since the prior board meeting.
- Administration and company secretarial duties for the Company are performed by SS&C Technologies, Inc. of Windsor, Connecticut (USA).
- Custody of assets is undertaken by Standard Chartered Bank (Mauritius) as the custodian. There is no prime broker as Credit Suisse Securities (USA) LLC exited the prime brokerage business during 2022 and has not been replaced.
- There is a segregation of duties related to investment management, accounting and the custody of assets. The procedures and processes of the individual parties have been designed to complement one another and reconciliations have been developed to ensure compliance.
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their on-going performance and contractual arrangements.
- The Directors of the Company regularly review the performance and contractual arrangements with the Investment Manager, other agents and advisers as appropriate.

The Board holds regular scheduled meetings throughout the year. Additional meetings are held when necessary for urgent or time-sensitive decisions. Resolutions may also be distributed electronically as required to meet time demands for non-routine business. The Board papers are circulated electronically in advance of each meeting.

At each meeting certain regular reports are presented which are:

- The Investment Manager delivers an update on the performance of the Fund including details of the Investment Manager’s visits to current or prospective investments, a schedule of transactions made during the period from the previous board meeting and an analysis of market data and comparables;
- The Investment Manager provides calculations supporting the net asset value calculations and the Investment Managers projections of the appraisal value of the portfolio;
- The Board reviews specific investment updates and valuations, income and expense calculations, and the level of discount or premium between the net asset value and the market share price;
- The Board reviews Administrator reports detailing quarterly AUM and returns, and confirming the veracity of valuation inputs utilised;
- The Board reviews and discusses shareholder communications with the Investment Manager and the Company’s broker;
- The Board reviews and discusses other matters as appropriate to the ongoing operations and investment strategy of the Fund, and

The Investment Manager provides financial statements and supporting schedules as appropriate for the Board to approve the release of annual and interim financial statements to the market as appropriate.

Certain responsibilities of the Board have been delegated to the Audit committee and to the Management Engagement Committee. The Board has authorised these committees to operate on behalf of the board, and to provide recommendations to the Board, but retains the final authority for all decisions.

Audit Committee

The Audit Committee comprises all the members of the Board other than Robert Knapp. Shingayi Mutasa has been appointed the chair of the audit committee. Mr. Mutasa and the other members have specific industry knowledge and financial experience which allows them to competently meet the requirements of the committee. The Audit Committee meets at least two times in each twelve-month period. The Audit Committee determines and monitors the terms of engagement of the Company's auditors and the scope of the audit. The Audit Committee has unrestricted access to, and oversees the relationship with, the Company's auditors. This includes the evaluation of the auditors, including, but not limited to; i) an evaluation of the performance of the audit team including its skills, knowledge and continuity, and the quality and timeliness of audit planning and execution; ii) the extent of the quality controls, audit communication and knowledge of relevant accounting and regulatory developments; and iii) the reasonableness of the audit fees. The Audit Committee has primary responsibility for making a recommendation to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of the engagement of the external auditor. The Audit Committee receives and reviews reports from the Investment Manager and the Company's auditors relating to the interim and annual accounts, and the accounting and internal control systems.

The Audit Committee evaluates the interim and annual financial statements of the Company. This review includes a comprehensive review of the financial statements with the Chief Financial Officer of the Investment Manager. Supportive schedules are provided as necessary to verify the veracity of the financials, including the valuation and existence of investments. The Audit Committee confirms the veracity of the portfolio valuation with emphasis on adherence to the valuation policy. This comprehensive review allows the Directors to confirm that so far as they are aware, there is no relevant audit information of which the Company’s auditor is unaware; and that each Director has taken steps to assure themselves that any and all relevant information has been relayed to the auditors.

The Audit Committee also monitors the independence and objectivity of the external auditors. The Audit Committee is required to approve any use of the external auditor for non-audit services. The current auditor has been the auditor since inception of the fund in 2007. The Audit Committee recognises that the UK Code and AIC Code provisions for companies to put the external audit contract out to tender at least every 10 years. Though the Committee considers this to be a best practice, the Committee has deemed it prudent to retain the current auditor, due to both their familiarity with the Fund and the ongoing liquidation strategy. As part of the normal engagement, the audit partner of the external auditor is changed at least once every five years, with the current audit partner being in his fourth year of engagement with the Company. The Audit Committee also considers the effectiveness of the administrative and secretarial services provided by external vendors as well as the performance of the Investment Manager in monitoring the effectiveness and efficiency of these vendors.

For 2023, the material issues addressed by the audit company include the evaluation of the impact, if any, of the liquidation strategy on the audited financial statements, as well as the valuations of African Leadership Group and investments denominated in the Zimbabwean Dollar. These items are further detailed in the audited financial statements to follow.

Management Committee

The Company has established a Management Engagement Committee (the "MEC") which meets formally at least on an annual basis to consider the performance and the remuneration of the Investment Manager. The MEC comprises all the members of the Board other than Robert Knapp. No employee of the Investment Manager is present during the discussions of the MEC.

Board and Committee Meeting Attendance

The Board meets on a regular basis at least four times per year. The following table sets out the number of Board, Audit Committee and Management Engagement Committee during the year and the number of meetings attended by each Director.

Meetings	Board	Audit Committee	Management Committee
Meetings Held	4	2	1
Meeting Attended:			
Myma Belo-Osagie	4	2	1
Robert Knapp [(1)]	4	-	-
Shingai Mutasa	4	2	1

[(1)] Not a member of the Audit Committee or Management Committee

Board Evaluation

For the year there was no evaluation process of the Board and its Committees. The most recent evaluations occurred in 2019, when the board was realigned as per the EGM, in response to the change to a liquidation strategy.

Board Tenure

The Board has considered, but has no adverse findings, as related to issues regarding long tenure. In accordance with the AIC Code, when and if any director shall have been in office (or on re-election would at the end of that term of office) for more than nine years, the Company and the Board will consider further whether there is a risk that such a director might reasonably be deemed to have lost independence through such long service.

Prior to the changes to the composition of the board due to the results of the 2019 EGM and AGM, discussions were held to discuss the board candidates and the changes to the leadership positions. During these discussions, the overall conclusion was that individual Board members were satisfied that the Board works well and operates effectively in an environment where there are constructive discussions and challenges from the non-executive directors. They are also satisfied with the contribution made by their colleagues and that Board Committees operate properly and efficiently. Further, the Board, as evaluated by the Management Engagement Committee believes each Director has continued to demonstrate their effectiveness and commitment to the Company.

Commitment

The directors allocate sufficient time to the Company to discharge their responsibilities effectively.

Directors' Confirmation

The Directors listed on page 20, being the persons responsible within the Company, hereby confirm to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Chairman's Statement and Investment Manager Report, and Condensed Notes to the Financial Statements include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

AFRICA OPPORTUNITY FUND LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

			Appointed on
CHAIRPERSON	:	Myma Belo-Osagie	4 March 2014
NON-EXECUTIVE DIRECTORS	:	Robert Knapp Shingayi Mutasa	25 June 2007 25 June 2007
REGISTERED OFFICE	:	PO Box 309 GT Ugland House South Church Street George Town Grand Cayman Cayman Islands	
REGISTRAR	:	JTC Group PO Box 156, Ground Floor Dorey Court Admiral Park St St Peter Port Guernsey Channel Islands GY1 4EU	
CORPORATE BROKER	:	Liberum Capital Limited Ropemaker Place, 25 Ropemaker Street London EC2Y 9LY United Kingdom	
ADMINISTRATOR	:	SS&C Technologies, Inc. 80 Lamberton Road Windsor, Connecticut United States	
INVESTMENT MANAGER	:	Africa Opportunity Partners LLC c/o Corporate Service Company 251 Little Falls Drive Wilmington, Delaware 19808 United States	

AUDITOR	**:**	Ernst & Young 6th Floor, IconEbene Rue de L'Institut, Ebene Mauritius
CUSTODIAN	**:**	Standard Chartered Bank (Mauritius) Ltd 6th Floor, Standard Chartered Tower 19th Bank Street Cyber City, Ebene Mauritius
LEGAL ADVISER *(as to English Law)*	**:**	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom
LEGAL ADVISER *(as to Cayman Islands Law)*	**:**	Maples & Calder P.O. Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
TAX ADVISER	**:**	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP United Kingdom

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA OPPORTUNITY FUND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Africa Opportunity Fund Limited (the "Company") set out on pages 27 to 68 which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board.

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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 to the financial statements, page 38, which indicates the Company has a limited life ending on 30 June 2024. A Revised Investment Policy has been adopted on 5 June 2019 whereby the company will be liquidated once all its existing portfolio of investments are disposed of. This condition indicates that the Company is no longer a going concern, and that the final amounts to be received upon realisation of the assets and settlement of the liabilities could vary from the amounts shown in the statement of financial position. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA OPPORTUNITY FUND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Valuation of investments listed on the Zimbabwe Stock Exchange The Company is a Feeder Fund which invests in Africa Opportunity Fund L.P. (the "Master Fund"). The total carrying value of the investments held by the Master Fund amounted to USD 8,727,712 as at 31 December 2023 (note 6 (b)), out of which USD 2,895,212 represents investments listed in the Zimbabwe Stock Exchange. Based on quoted prices on the Zimbabwe Stock Exchange, these investments would have been valued at USD 6,568,413. However, owing to the ongoing market instability and hyperinflationary economy, a discount has been applied to the market price to arrive at the fair value of USD 2,895,212. In determining this discount rate, management has used the sovereign discount rate model based on the spot inflation rate differential between Zimbabwe and the US, after adjustment for the surrender requirements imposed on exporters by the Zimbabwe Reserve Bank. The determination of the discount involves judgement and estimation uncertainties and has a material impact on the fair value of the investment. Accordingly, the valuation of investments listed in the Zimbabwe market is considered to be a key audit matter.	Our audit procedures included the following: We agreed the number of shares held to the independent custodian confirmation at year end. We checked the accuracy of the closing share price of the investments in local currency provided by management to an independent official source. We reviewed the appropriateness of the valuation methodology and model used and whether they are in line with generally acceptable valuation guidelines and principles. We computed the implied monthly exchange rate by extracting the official exchange rate from June 2019 and subsequently adjusting for inflation. We approximated the inflation differential between the Zimbabwean and US economies by considering the difference of monthly spot inflation rates obtained from the Reserve Bank of Zimbabwe and the US Treasury. We checked the surrender requirements imposed on exporters by the Reserve Bank of Zimbabwe. We ensured the mathematical accuracy of management figures to calculate the fair value of the financial assets (i.e. number of shares at year end X closing share price in Zimbabwe X discount rate X exchange rate) We assessed the appropriateness and completeness of the related disclosures in the management judgments and estimates paragraph in financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA OPPORTUNITY FUND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 70 pages document titled "Africa Opportunity Fund Limited Annual Report for the year ended 31 December 2023", which includes the Chairperson's statement, the Manager's Report, the Portfolio Review, the Qualitative Risk disclosures for the Company, the Directors' Details, the Report of the Directors, the Corporate Data and Shareholder Information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA OPPORTUNITY FUND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the Company's members, as a body, and for no other purpose. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA OPPORTUNITY FUND LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

ROGER DE CHAZAL, A.C.A.
Licensed by FRC

Date: 29 April 2024

	Notes	2023	2022
		USD	USD
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**1,293,120**	2,003,998
Management fees	5(a)	**69,656**	50,000
Other operating expenses		**102,037**	127,611
Directors' fees	12	**70,010**	70,000
Audit and professional fees		**154,453**	158,261
		1,689,276	2,409,870
Loss for the year attributable to equity holders*		**(1,689,276)**	(2,409,870)
Loss per share attributable to equity holders**	11	**(0.114)**	(0.107)

* There is no other comprehensive income for the year.
** The loss per share attributable to equity holders have been calculated based on the weighted average number of shares in accordance with IAS 33. Prior year figures have been amended to conform to the current year presentation, refer to note 11 for additional disclosures.

The notes on pages 31 to 68 form an integral part of these financial statements.
Independent Auditor’s report is on page 22 to 26.

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
		USD	USD
ASSETS			
Cash and cash equivalents	8	**28,967**	42,251
Receivable from related party	7	**-**	227,805
Prepayments	7	**11,038**	8,960
Investment in subsidiaries at fair value through profit or loss*	6(a)	**9,998,727**	19,041,847
Total assets		**10,038,732**	19,320,863
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	10	**160,685**	153,540
Total liabilities		**160,685**	153,540
Net assets attributable to shareholders		**9,878,047**	19,167,323
Ordinary share capital	9(a), 9(b)	**114,689**	202,146
Share premium	9(b)	**5,810,553**	1,997,201
Retained earnings		**3,952,805**	16,967,976
Total equity		**9,878,047**	19,167,323
Net assets value per share:			
- Ordinary shares		0.861	0.948

*The investment in subsidiaries at fair value through profit or loss include the investment in the Master Fund-Africa Opportunity Fund L.P.

Approved by the Board on 29 April 2024 and signed on its behalf by:

Robert Knapp
Director

The notes on pages 31 to 68 form an integral part of these financial statements.
Independent Auditor's report is on page 22 to 26.

		Share Capital	Share Premium	Retained Earnings	Total
		USD	USD	USD	USD
At 1 January 2022		247,878	6,451,469	19,377,846	26,077,193
CAPITAL TRANSACTIONS:					
Redemption of ordinary shares		(45,732)	(4,454,268)	-	(4,500,000)
OPERATIONS:					
Loss/total comprehensive loss for the year		-	-	(2,409,870)	(2,409,870)
At 31 December 2022		202,146	1,997,201	16,967,976	19,167,323

		Share Capital	**Share Premium**	**Retained Earnings**	**Total**
		USD	**USD**	**USD**	**USD**
At 1 January 2023		**202,146**	**1,997,201**	**16,967,976**	**19,167,323**
CAPITAL TRANSACTIONS:					
Redemption of ordinary shares		**(87,457)**	**(4,430,872)**	**(3,081,671)**	**(7,600,000)**
Re-allocation from retained earning to share premium	9(b)	**-**	**8,244,224**	**(8,244,224)**	**-**
OPERATIONS:					
Loss/total comprehensive loss for the year		**-**	**-**	**(1,689,276)**	**(1,689,276)**
At 31 December 2023		**114,689**	**5,810,553**	**3,952,805**	**9,878,047**

The notes on pages 31 to 68 form an integral part of these financial statements.
Independent Auditor’s report is on page 22 to 26.

		2023	2022
		USD	USD
Operating activities			
Loss for the year		**(1,689,276)**	(2,409,870)
Adjustment for non-cash items:			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**1,293,120**	2,003,998
Cash used in operating activities		**(396,156)**	(405,872)
Net changes in operating assets and liabilities			
Reduction in investments in subsidiaries at fair value through profit or loss	6(a)	**7,750,000**	5,049,500
Decrease/(increase) in loan receivable from related party		**227,805**	(78,253)
Increase in prepayments		**(2,078)**	(1,098)
Increase/(decrease) in trade and other payables		**7,145**	(43,495)
Net cash flow generated from operating activities		**7,982,872**	4,926,654
Financing activities			
Redemption of ordinary shares	9(b)	**(7,600,000)**	(4,500,000)
Net cash flow used in financing activities		**(7,600,000)**	(4,500,000)
Net (decrease)/increase in cash and cash equivalents		**(13,284)**	20,782
Cash and cash equivalents at 1 January		**42,251**	21,469
Cash and cash equivalents at 31 December		**28,967**	42,251

The notes on pages 31 to 68 form an integral part of these financial statements.
Independent Auditor's report is on page 22 to 26.

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Funds Segment "SFS" in April 2014.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007, with registered number MC-188243. The Company is exempted from registering with CIMA under the Private Funds Act of the Cayman Islands given that it is listed on the Specialist Funds Segment of the London Stock Exchange which is approved by CIMA.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Company's investment activities are managed by Africa Opportunity Partners LLC, a limited liability company incorporated in Delaware, United States and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 13 June 2022.

To ensure that investments to be made by the Company and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has established Africa Opportunity Fund L.P. ("the Master Fund") as an exempted limited partnership in the Cayman Islands. All investments made by the Company are made through the limited partnership. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited holds 100% of Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2024.

Presentation currency

The financial statements are presented in United States dollars ("USD"). All figures are presented to the nearest dollar.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The Company satisfied the criteria of an investment entity under IFRS 10: Consolidated Financial Statements. As such, its interest in the subsidiaries has been classified as financial assets at fair value through profit or loss, and measured at fair value. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 "material accounting judgements, estimates and assumptions." The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. In additional to the following: All assets have been assessed for impairment regardless of whether any indicators for impairment were identified; and all possible liabilities that might arise from the winding up of the Company have been accrued for. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 4.

As the Company is not a going concern due to the limited life, the directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. It is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

Due to the nature of the assets and liabilities in the statement of financial position, directors believe that the values as reported would not be significantly different when applying another basis.

The directors consider that this revised basis of recognition and measurement provide relevant information that faithfully represents the non-going concern circumstances and is considered compliant with IFRS under the current circumstances.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery within 12 months (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

The Company's financial statements include disclosure notes on the Master Fund, Africa Opportunity Fund L.P., given that the net asset value of the Master Fund is a significant component of the Investment in subsidiaries at fair value through profit or loss, of the Company. These additional disclosures are made in order to provide the users of the financial statements within an overview of the Master Fund performance.

Foreign currency translation

(i) Functional and presentation currency

The Company's financial statements are presented in USD which is the functional currency, being the currency of the primary economic environment in which the Company operates. The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is USD. The Company chooses USD as the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments (Continued)

Classification

(i) Financial assets at fair value through profit or loss

For the Company, financial assets classified at fair value through profit or loss upon initial recognition include investment in subsidiaries.

(i) Financial assets at fair value through profit or loss (Continued)

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss in accordance with IRFS 9 – Financial Instruments.

Management concluded that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, consolidated financial statements have not been prepared.

(ii) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost comprise of 'cash and cash equivalents' in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Company includes in this category amounts relating to Trade and other payables.

(a) *Initial recognition*

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value. The Company had no derivatives as at 31 December 2023.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(c) Subsequent measurement

The Company measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on investment in subsidiaries at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'.

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements. The Company considers a financial asset in default when contractual payments are 90 days past due.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At the reporting date, receivable from related party and cash and cash equivalents are de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Determination of fair value

The Company measures it investments in subsidiaries at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is material to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is material to the fair value measurement is unobservable.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as ‘at fair value through profit or loss’ and excludes interest and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year’s unrealised gains and losses for financial instruments which were realised in the reporting period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

(i) has no priority over other claims to the assets of the Company on liquidation, and
(ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract) and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

Dividend income

Dividend revenue is recognised when the Company’s right to receive the payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amendments to IFRS as from 1 January 2024:

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

	Effective for accounting period beginning on or after
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules (Disclosure)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

The above new standards and amendments were applied for the first time in 2023. Amendments to IAS 8 and IAS 12 did not have a material impact on the financial statements of the Company. The amendment to IAS 1 replaced the requirement for entities to disclose material accounting policies with a requirement to disclose material accounting policy information. This amendment did not have a material impact on the financial statements of the Company for the year ended 31 December 2023.

3.1 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following relevant standards, amendments to existing standards and interpretations were in issue but not yet effective. The Company will adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

	Effective for accounting period
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024

The Company does not expect that the adoption of these standards will have any material impact on the financial statements. No other standards and interpretations that have been issued but not yet effective, that are not included above, are expected to have any material impact on the financial statements.

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most material effect on the amounts recognised in the financial statements:

Going concern

At the Extraordinary General Meeting (“EGM”) of the Company held on 29 June 2022, the shareholders voted in favor of a Continuation Resolution which extended the life of the Company, with the current Investment Policy remaining in place, to 30 June 2024. If the assets of the Company are not realised over the period of the extension, the Directors will formulate and revert to Shareholders in 2024 further proposals to continue, reorganize or reconstruct the Company or to wind up the Company.

The Company will continue to return sums to Shareholders by way of compulsory redemption, repurchase of Ordinary Shares in the market or such other method as determined by the Directors.

Below is a brief synopsis of the “New Investing Policy” as approved with the passage of the Continuation Resolution and consistent with the Company’s Circular dated 5 June 2019, updated to reflect the two-year continuance:

For a period of up to two additional years following the 29 June 2022 Extraordinary General Meeting (the “Extended Return Period”), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will continue to adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital. It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of some liquid equity holdings, the Company’s portfolio is weighted to somewhat illiquid investments and it may take the Investment Manager some time to realise these. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy if investments remain unrealised at the end of the Extended Return Period. Subsequent to the disposal of the investments, the Company will be liquidated, which indicates that it will no longer be a going concern. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards (“IFRS”), as a basis for preparation, best reflects the financial position and performance of the Company. The extension of the Company through 30 June 2024 further supports this methodology.

The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the half-year and consideration has been given to whether any additional provisions are necessary as a result of the decision to eventually deregister. It is expected that all assets are fairly valued and will realise at, or near, the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (Continued)

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Assessment for an investment entity

An investment entity is an entity that:

(a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition, an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Board considers that the Company continues to meet the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments in subsidiaries on a fair value basis. In addition, the Company has more than one investors and the major investors are not related parties of the Company. The Company also has an exit strategy given that it is a limited life entity, realising its investments at the end of the 2 year extension of the original Return Period of 3 years as per the 'New Investment Policy'. Accordingly, consolidated financial statements have not been prepared. IFRS 10 Consolidated Financial Statements provides "investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

Assumptions and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models.

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Assumptions and Estimates (Continued)

Fair value of financial instruments

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. In relation to the underlying investments held in Zimbabwe via the Master Fund, the quoted share prices of these securities have been discounted as explained in Note 6(d). The determination of the discount rate involves judgement and estimation uncertainties which has a material impact on the fair value of the investments. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 6.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is material to the fair value measurement in its entirety as provided in Note 6. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis or stress testing techniques.

5a. AGREEMENTS

Investment Management Agreement

Effective 1 July 2022, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2022, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

There was no management fee charged during 2023. Pursuant to the Amended and Restated Investment Management Agreement, there will be no management fees charged during the Extended Return Period.

The Investment Manager's entitlement to future performance fees (through CarryCo) has been cancelled and CarryCo's limited partnership interest in the Limited Partnership, after return of its minority interest capital balance, will be transferred to the Company for nominal value in the last year of the Extended Return Period, that being 2024.

5a. AGREEMENTS (CONTINUED)

Investment Management Agreement (continued)

Realisation fees

The Investment Manager shall be entitled to the following realisation fees during the Return Period from the net proceeds of all portfolio realisations (including any cash returned by way of a Compulsory Redemption):

On distributions of cash to Shareholders: 1 per cent of the net amounts realised.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

The realisation fees for the financial period under review amounts to **USD 69,656** (2022: USD 50,000) of which **USD 31,050** relates to accrued realisation fees; management and performance fees for the financial year under review were nil (2022: USD 32,511 for management fees and USD Nil for performance fees).

Administrative Agreement

SS&C Technologies Inc. is the Administrator for the Company. Administrative fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Custodian Agreement

A Custodian Agreement has been entered into by the Master Fund and Standard Chartered Bank (Mauritius) Ltd, whereby Standard Chartered Bank (Mauritius) Ltd would provide custodian services to the Master Fund and would be entitled to a custody fee of between 18 and 25 basis points per annum of the value of the assets held by the custodian and a tariff of between 10 and 45 basis points per annum of the value of assets held by the custodian. The custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL

Africa Opportunity Fund LP (the “Master Fund”) is incorporated in the Cayman Islands and is not subject to regulatory review. Management has voluntarily disclosed all the policies and notes to the accounts of the Master Fund to provide shareholders of the Company with a better insight.

The primary accounting policies are similar as in Note 2. Those policies which only relate to the Master Fund’s financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL (CONTINUED)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Master Fund classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading.

Financial assets at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading. These financial assets are classified at FVTPL on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss) unless they are designated as effective hedging instruments (however the Company does not apply any hedge accounting). The Master Fund's derivatives relate to option contracts.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master Fund provide the Master Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Master Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Master Fund provide the purchaser the opportunity to purchase from or sell to the Master Fund the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

Derivatives relating to options are recorded at the level of the Master Fund. The financial statements of the Company do not reflect the derivatives as they form part of the net asset value (NAV) of the Master Fund which is fair valued.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL (CONTINUED)

Financial instruments (Continued)

(a) Classification (Continued)

(ii) Financial assets at amortised cost

The Master Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Master Fund's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Master Fund includes in this category amounts relating to trade and other payables and dividend payable.

(b) *Recognition*

The Master Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(c) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(d) Subsequent measurement

The Master Fund measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'. Dividend income/distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL (CONTINUED)

Financial instruments (Continued)

(iii) Other financial liabilities

(d) Subsequent measurement

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Master Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and

Either (a) the Master Fund has transferred substantially all the risks and rewards of the asset, or (b) the Master Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. When the Master Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Master Fund’s continuing involvement in the asset.

The Master Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Master Fund measures its investments in financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Master Fund. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL (CONTINUED)

Financial instruments (Continued)

Determination of fair value (Continued)

The Master Fund uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is material to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is material to the fair value measurement is unobservable.

Impairment of financial assets

The Master Fund recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Master Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised either on a 12-month or lifetime basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Master Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Master Fund may also consider a financial asset to be in default when internal or external information indicates that the Master Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Master Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Master Fund applies a simplified approach in calculating ECLs. Therefore, the Master Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At the reporting date, the assessment of the Master Fund's debt instruments which include trade and other receivables and cash and cash equivalents were considered as de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses. At the Master Fund Level, the fair value gains and losses exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL (CONTINUED)

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date at the Master Fund level. Refer to the accounting policy for financial liabilities, other than those classified at fair value through profit or loss for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for financial assets at amortised cost for recognition and measurement.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Master Fund’s right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss of the Master Fund.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

6(a). Investment in subsidiaries at fair value

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. At 31 December 2023, the limited partners of the limited partnership are the Company (96.0%) and AOF CarryCo Limited (4.0%). The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited holds 100% of Africa Opportunity Fund (GP) Limited.

	2023	2022
	USD	**USD**
Investment in Africa Opportunity Fund L.P.	**9,995,466**	19,038,376
Investment in Africa Opportunity Fund (GP) Limited	**3,261**	3,471
Total investment in subsidiaries at fair value	**9,998,727**	19,041,847
Fair value at 01 January	**19,041,847**	26,095,345
Reduction in investment in subsidiaries*	(7,750,000)	(5,049,500)
Net (loss)/gain on investment in subsidiaries at fair value	(1,293,120)	(2,003,998)
Fair value at 31 December	**9,998,727**	19,041,847

***** The reduction in investment in subsidiaries relates to capital withdrawn from the Master Fund by the Company.

6(b). Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
Level 2: valuation techniques for which the lowest level input that is material to the fair value measurement is directly or indirectly observable.
Level 3: valuation techniques for which the lowest level input that is material to the fair value measurement is unobservable.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(b). Fair value hierarchy (Continued)

Note: The assets and liabilities of the Master Fund have been presented but do not represent the assets and liabilities of the Company as the Master Fund has not been consolidated.

- **Fair value hierarchy of the Company**

	31 December 2023	**Level 1**	**Level 2**	**Level 3**
COMPANY	**USD**	**USD**	**USD**	**USD**
Investment in subsidiaries	**9,998,727**	**-**	**9,998,727**	**-**

	31 December 2022	Level 1	Level 2	Level 3
COMPANY	USD	USD	USD	USD
Investment in subsidiaries	19,041,847	-	19,041,847	-

- **Fair value hierarchy of the Master Fund.**

The Company has investment in Africa Opportunity Fund L.P., the Master Fund, amounting to USD 9,995,466. The underlying investments of the Master Fund amounts to USD 8,727,712. Details on the financial assets and liabilities of the Master Fund and fair value hierarchy are as follows:

	31 December 2023	**Level 1**	**Level 2**	**Level 3**
MASTER FUND	**USD**	**USD**	**USD**	**USD**
Financial assets at fair value through profit or loss				
Equities	8,727,712	3,706,700	5,021,012	-
	8,727,712	**3,706,700**	**5,021,012**	**-**

	31 December 2022	Level 1	Level 2	Level 3
MASTER FUND	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Equities	18,634,833	13,859,649	4,775,184	-
	18,634,833	13,859,649	4,775,184	-

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(c). The valuation technique of the investment in subsidiaries at Company level is as follows:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there have been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 75% in quoted funds, the Company classifies these investments in subsidiaries as Level 2.

6(d). The valuation techniques of the investments at Master Fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted for which there is a market price. As a result, they are classified within level 1 of the hierarchy except for the valuation of listed on the Zimbabwe Stock Exchange which have been classified as level 2 given that their quoted share price has been discounted as at 31 December 2023 as follows:

Valuation of investments listed on the Zimbabwe Stock Exchange

The total carrying value of the investments held by the Master Fund amounted to USD 8,727,712 as at 31 December 2023 (Note 6(b)), of which USD 2,895,212 represents investments listed on the Zimbabwe Stock Exchange. Based on quoted prices on the Zimbabwe Stock Exchange, these investments would have been valued at USD 6,568,413. However, owing to the ongoing market instability, hyperinflationary economy and difficulty repatriation ZIM currency to USD, a discount has been applied to the market price to arrive at the fair value of USD 2,895,212.

Beginning in June 2020, the Zimbabwe authorities suspended Old Mutual shares from the Zimbabwe Stock Exchange, necessitating the Company to devise an alternative transparent discount factor. The new discount factor is based on the official Zimbabwe Dollar exchange rate at the end of June 2019, when the Zimbabwe Dollar, became the sole legal tender in Zimbabwe, modified by the inflation differential between Zimbabwe and the United States captured in their respective monthly Consumer Price Indices (the US Consumer Price Index is that for urban consumers), then adjusted by the proportion of export proceeds that must be surrendered by Zimbabwean exporters to the Zimbabwe Reserve Bank. In May 2022, the Zimbabwe government imposed a ban on bank lending services so as to stop currency speculation and in June 2022 the RBZ monetary policy committee increased the policy rate 12,000 basis points to 200% so as to control rising inflation. The Company adjusted its model to reflect a 20% surrender requirement on the basis that the reported CPI captured only 80% of actual inflation, a position supported by the government actions. Over time, the official exchange rate has converged towards our in-house exchange rate. In May 2023, the Reserve Bank Governor along with the Minister of Finance stated that the Official Exchange Rate should converge toward the parallel rate, and trade at a discount that is lower than 20%. This statement partly led to a devaluation of the official rate and initially closed the gap on the parallel rate, however, the gap widened by year-end. This discount factor changes every month. The consequence of applying this discount factor is that the Zimbabwe Dollar prices of the Company's investments listed on the Zimbabwe Stock Exchange were converted into US Dollars, as at 31 December 2023 at a discount rate of 55.9% (the discount rate was 25.4% as at 31 December 2022). The value of the Zimbabwe investments recorded in the books of the Company, after applying this discount factor, was USD 2,895,212 (2022: USD 2,149,384).

Written put options

These are traded on an active market and have a quoted market price. They have therefore been classified in level 1 of the hierarchy.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(d). The valuation techniques of the investments at Master Fund level (Continued)

Unquoted equity investments

African Leadership University ("ALU") is a network of tertiary institutions, currently with operations in both Mauritius and Rwanda. The Investment Manager valued ALU on the basis of an observable arms-length transaction between existing shareholders selling a portion of their shares and an unaffiliated third party. The transactions were agreed via an omnibus share purchase agreement dated 28 September 2022 with dates of the agreements evidencing the first, second, third, and fourth tranches, respectively, 30 September 2022, 5 December 2022, 6 March 2023 and 5 June 2023 (the fourth tranche was converted to partial purchases in June and September 2023, the overall number of shares remaining consistent), and thus were utilised as the basis of the valuation as at 31 December 2023. At 31 December 2023, the investment in ALU has been classified under level 2 because the value of the investment utilises the recent transaction.

Unquoted debt and equity investments

	2023	2022
	USD	USD
Investment in ALU	**2,125,800**	2,625,800

Financial asset and liabilities at fair value through profit or loss

	2023	2022
	USD	USD
Investment in ALU:		
At 1 January	**2,625,800**	3,125,800
Disposal	**(500,000)**	(500,000)
At 31 December	**2,125,800**	2,625,800
Total gain included in the statement of profit or loss and other comprehensive income of Africa Opportunity Fund L.P. for asset held at the end of the reporting period.	-	-

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(e). Statement of profit or loss and other comprehensive income of the Master Fund for the year ended 31 December 2023.

The net loss on financial assets at fair value through profit or loss amounting to **USD 1,293,120** (2022: net loss of USD 2,003,998) is due to the loss arising at the Master Fund level and can be analysed as follows:

	2023	2022
	USD	USD
Income		
Interest revenue	**-**	14,100
Dividend revenue	**202,176**	1,267,116
	202,176	1,281,216
Expenses		
Net losses on financial assets and liabilities at fair value through profit or loss	**1,005,287**	2,780,643
Net foreign exchange loss	**336,198**	159,000
Custodian fees, brokerage fees and commission	**162,396**	165,427
Other operating expenses	**4,239**	12,840
	1,508,120	3,117,910
Operating losses before tax	**(1,305,944)**	(1,836,694)
Less withholding tax	**(14,043)**	(209,150)
Total comprehensive losses for the year	**(1,319,987)**	(2,045,844)
Attributable to:		
AOF Limited (direct interests)	**(1,292,909)**	(2,003,670)
AOF Limited (indirect interests through AOF (GP) Ltd)	**(211)**	(328)
	(1,293,120)	(2,003,998)
AOF CarryCo Limited (NCI)	**(26,867)**	(41,846)
	(1,319,987)	(2,045,844)

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the year ended 31 December 2023 (Continued)

The financial assets and liabilities of the Master Fund are analysed as follows:

(i) Net losses on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2023	2022
	USD	USD
Net losses on fair value of financial assets at fair value through profit or loss	**(1,005,287)**	(2,780,643)
Net losses	**(1,005,287)**	(2,780,643)

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2023	2022
	USD	USD
Held for trading assets:		
At 1 January	**18,634,833**	24,015,367
Disposal	**(8,901,834)**	(2,599,891)
Net losses on financial assets at fair value through profit or loss	**(1,005,287)**	(2,780,643)
At 31 December (at fair value)	**8,727,712**	18,634,833
Analysed as follows:		
- Listed equity securities	**6,601,912**	16,009,033
- Unquoted equity securities	**2,125,800**	2,625,800
	8,727,712	18,634,833

(iii) Net changes on fair value of financial assets at fair value through profit or loss

	2023	2022
	USD	USD
Realised	**2,048,903**	37,447
Unrealised	**(3,054,190)**	(2,818,090)
Total losses	**(1,005,287)**	(2,780,643)

7. RECEIVABLES

	2023	2022
	USD	USD
Amount due from Africa Opportunity Fund L.P. (Note 12)	-	227,805
Prepayments	11,038	8,960
	11,038	236,765

8. CASH AND CASH EQUIVALENTS

	2023	2022
	USD	USD
Cash at bank	**28,967**	42,251

9(a). ORDINARY SHARE CAPITAL

Company

	2023	**2023**	2022	2022
	Number	**USD**	Number	USD
Authorised share capital				
Ordinary shares with a par value of USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued share capital				
Ordinary shares with a par value of USD 0.01	**11,468,907**	**114,689**	20,214,590	202,146

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

The Company intends to pay or report dividends in order to remain an UK Reporting Fund, however, there is no assurance that the Company will be able to pay dividends. In compliance with the current investment strategy, Directors have the right to return cash through compulsory redemptions, by way of dividend or any other distribution as permitted by the Listing Rules.

9(b). SHARE CAPITAL AND SHARE PREMIUM

	Share Capital	**Share Premium**	**Ordinary Shares**
	USD	**USD**	**Number**
At 1 January 2022	247,878	6,451,469	24,787,758
Changes during the period:			
Redemption of ordinary shares	(45,732)	(4,454,268)	(4,573,168)
At 31 December 2022	**202,146**	**1,997,201**	**20,214,590**
Changes during the period:			
Redemption of ordinary shares	(87,457)	(4,430,872)	(8,745,683)
Re-allocation from retained earnings to share premium *	-	8,244,224	-
At 31 December 2023	**114,689**	**5,810,553**	**11,468,907**

* The re-allocation relates to transfer from retained earnings to share premium following distributions made.

Mandatory Redemption

The Directors, at their sole discretion, can effect a compulsory redemption of the Ordinary Shares on an ongoing basis and will therefore undertake a staged return of capital to shareholders. During the year ended 31 December 2023, the Directors approved a partial mandatory redemption of the Company's Ordinary Shares. In 15 May 2023, the Board of Directors of Africa Opportunity Fund Limited approved the mandatory redemption of 8,745,683 Ordinary shares. On 23 May, the mandatory redemption was completed and AOF redeemed the 8,745,683 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.869 as at 30 April 2023, in the aggregate of $7.6 million. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 31 May 2023. Following the Mandatory Redemption, the Company has 11,468,907 Ordinary Shares in issue. As a result of the Mandatory Redemption described above, Robert Knapp and Myma Belo-Osagie, Directors of the Company held 1,851,485 and 15,234 Ordinary Shares, respectively. The Company benefitted from a strong level of realisations from its underlying portfolio. The redemptions during the year were funded through proceeds received from realising the assets of the Company.

Ordinary and C share Merger, Issuance of Contingent Value Rights

In 2014, AOF closed a Placing of 29.2 million C shares of US$0.10 each, at a placing price of US$1.00 per C share, raising a total of $29.2 million before the expenses of the Issue. The placing was closed on 11 April 2014 with the shares commencing trading on 17 April 2014. AOF's Ordinary Shares and the C Shares from the April placing were admitted to trading on the LSE's Specialist Fund Segment ("SFS") effective 17 April 2014.

The Fund merged the C share class and the ordinary shares as contemplated in the April 2014 issuance of the C share class, and with the consent of the Board of Directors, on 23 August 2017. The C Class shares were converted into ordinary shares.

The Shoprite arbitral award issued in 2016. The arbitral award resulted in AOF not being considered legal owner of the specific Shoprite Holdings,; therefore, the Shoprite investment was written off. To effectuate this merger, Contingent Value Rights certificates for any residual rights with respect to Shoprite shares listed on the Lusaka Stock Exchange were issued to the ordinary shareholders of record on 21 August 2017.Information regarding the merger was distributed and released to the market prior to, and upon execution of, the merger. This information and information relative to the CVRs can be found on the Fund's website.

10. TRADE AND OTHER PAYABLES

	Notes	2023	2022
		USD	USD
Directors Fees Payable	12	17,500	17,500
Other Payables		143,185	136,040
		160,685	153,540

Other payables are non-interest bearing and have an average term of six months. The carrying amount of trade and other payables approximates their fair value.

11. EARNINGS PER SHARE

The earnings per share (EPS) is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary shares. The EPS for 2023 and 2022 represent both the basic and diluted EPS.

		2023	2022
		Ordinary shares	Ordinary shares
Net loss attributable to equity holders	USD	(1,689,276)	(2,409,870)
Number of shares in issue		11,468,907	20,214,590
Change in net assets attributable to shareholders per share (based on number of shares outstanding at year end)	USD	(0.147)	(0.119)
Weighted Average number of shares in issue		14,880,684	22,563,992
Change in net assets attributable to shareholders per share (based on weighted average number of shares in issue)	USD	(0.114)	(0.107)

Pursuant to IAS 33 'Earnings per share', the change in net assets attributable to shareholders per share should be presented on a weighted average basis. The prior year change in net assets attributable to shareholders per share was provided on the basis of shares outstanding as at year-end. In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the prior year figure has been corrected on the face of the statement of profit or loss and other comprehensive income (SOCI) to comply with IAS 33.

As previously reported in SOCI USD (0.119)
As restated in SOCI USD (0.107)

12. RELATED PARTY DISCLOSURES

The Directors consider Africa Opportunity Fund Limited (the "Company") as the ultimate holding company of Africa Opportunity Fund (GP) Limited and Africa Opportunity Fund L.P.

Name	Country of incorporation	% equity interest 2023	% equity interest 2022
Africa Opportunity Fund (GP) Limited	Cayman Islands	**100.00**	**100.00**
Africa Opportunity Fund L.P.	Cayman Islands	**96.00**	**97.73**

12. RELATED PARTY DISCLOSURES (CONTINUED)

Name of related parties	**Type of relationship**	**Nature of transaction**	**Volume USD**	**Balance at 31 Dec 2023**
				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	69,656	31,050
SS&C Technologies	Administrator	Administration fees	72,795	-
Directors	Directors	Directors' fees	70,010	17,500

Name of related parties	Type of relationship	Nature of transaction	Volume USD	Balance at 31 Dec 2022
				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	50,000	32,511
Africa Opportunity Fund LP	Subsidiary	Receivable	-	227,805
SS&C Technologies	Administrator	Administration fees	90,437	-
Directors	Directors	Directors' fees	70,000	17,500

The terms and conditions of the amount with related parties are as follows:

(i) Unsecured interest free and settlement occurs in cash;
(ii) No guarantees have been given or received on these balances; and
(iii) No provision has been recognized in relation to outstanding balances from related party.

Key Management Personnel (Directors' fee)

Except for Robert Knapp who has waived his fees, each director has been paid a fee of USD 35,000 per annum plus reimbursement for out-of pocket expenses during both 2023 and 2022.

Robert Knapp, who is a director of the Company, also forms part of the executive team of the Investment Manager. Details of the agreement with the Investment Manager are disclosed in Note 5a. He has a beneficiary interest in AOF CarryCo Limited.

Details of investments in the Company by the Directors are set out below:

	No of shares held	**Direct interest held %**
2023	6,254,094	54.53
2022	3,290,354	16.28

13. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer sales or other Cayman Islands taxes payable by the Company. As a result, no provision for income taxes has been made in the financial statements.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Withholding taxes are not separately disclosed in the statement of cash flows as they are deducted at the source of the income.

13. TAXATION (CONTINUED)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2023	2022
	USD	USD
Total comprehensive loss	(1,689,276)	(2,409,870)
Income tax expense calculated at 0%	-	-
Withholding tax suffered outside Cayman Islands	-	-
Income tax expense recognized in profit or loss	-	-

* Withholding taxes are borne at the master fund level and amounted to **USD 14,043** (2022: USD 209,150). These have been included in the NAV of the subsidiary.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

14(a). AT THE COMPANY'S LEVEL

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities. It is managed through a process of ongoing identification, measurement, and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach of the Company.

Fair value

The carrying amount of financial assets and liabilities at fair value through profit or loss are measured at fair value at the reporting date. The carrying amount of trade and other receivables, cash and cash equivalents trade and other payables approximates their fair value due to their short-term nature.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and equity price risk. The Company is not directly exposed to market risk. The Company holds investments in subsidiaries, Africa Opportunity Fund L.P. (Master Fund) and Africa Opportunity Fund (G.P.) Limited which are valued at their net asset value. The Company is thus exposed to market risk indirectly through investments held by the Master Fund.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(a). AT THE COMPANY'S LEVEL (CONTINUED)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk of the Company arises from the net asset value (NAV) of the underlying funds, the Master Fund and AOF G.P. The equity price risk at Company level is analysed as follows:

Company	**Change in NAV price**	**Effect on Equity 2023**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	**999,873**
	-10%	**(999,873)**

Company	**Change in NAV price**	**Effect on Equity 2022**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	1,904,185
	-10%	(1,904,185)

Currency risk

All of the Company's financial assets and financial liabilities are denominated in its functional currency. The Master Fund's investments are denominated in various currencies. The effect of a change in USD against other currencies at the Master Fund level will have the same impact at the Company level and will form part of the NAV of the subsidiary (refer to note 14(b)). The currency profile of the Company's financial assets and liabilities is therefore summarised as follows:

	2023 Financial assets	**2023 Financial liabilities**	2022 Financial assets	2022 Financial liabilities
	USD	**USD**	USD	USD
United States Dollar	**10,027,694**	**160,685**	19,311,903	153,540
	10,027,694	**160,685**	19,311,903	153,540

Prepayments are typically excluded as these are not financial assets; prepayments as at 31 December 2023 and 2022 amounted to USD **11,038** and USD 8,960, respectively.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(a). AT THE COMPANY'S LEVEL (CONTINUED)

Currency risk (Continued)

As at 31 December 2023

Company	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	**Financial instruments**	**Cash collateral**	**Net amount**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Cash and cash equivalents	**28,967**	**-**	**28,967**	**-**	**-**	**28,967**
Total	**28,967**	**-**	**28,967**	**-**	**-**	**28,967**

As at 31 December 2022

Company	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	42,251	-	42,251	-	-	42,251
Total	42,251	-	42,251	-	-	42,251

Cash and cash equivalents are offset as the Company has current bank balances and bank overdrafts with the same counterparty which the Company has current legally enforceable right to set off the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's financial assets and liabilities are non-interest bearing; therefore, the Company is not exposed to interest rate risk and thus, no sensitivity analysis has been presented.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets that potentially expose the Company to credit risk consist principally of cash and cash equivalent balances and trade and other receivables, comprising of an intercompany balance with the Master Fund. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(a). AT THE COMPANY'S LEVEL (CONTINUED)

Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2023 Company Carrying amount USD	2022 Company Carrying amount USD
Other receivables, excluding prepayments	7	**-**	227,805
Cash and cash equivalents	8	**28,967**	42,251

The cash and cash equivalents assets of the Company are maintained with Standard Chartered Bank (Mauritius) Ltd. Standard Chartered Bank has an A3 Senior Unsecured Debt issuer rating from Moody's rating agency, a Baa2Subordinated Debt rating from Moody's rating agency, a BBB+ long-term issuer credit rating from Standard and Poor's rating agency, and an A-2 short-term credit rating from Standard and Poor's rating agency.

Concentration risk

The Company does not have any concentration risk as at 31 December 2023. Given that the Company has invested in Africa Opportunity Fund L.P (the Master Fund) which holds investments in various countries in Africa, the concentration risk therefore arises primarily at the Master Fund Level.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows. The table below illustrates the maturity profile of the Company's financial liabilities based on undiscounted payments.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(a). AT THE COMPANY'S LEVEL (CONTINUED)

Liquidity risk (Continued)

Year 2023	**Due on demand**	**Due within 3 Months**	**Due Between 3 and 12 Months**	**Due Between 1 and 5 years**	**Due greater than 5 years**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Financial liabilities						
Other payables	-	**160,685**	-	-	-	**160,685**
Total liabilities	-	**160,685**	-	-	-	**160,685**

Year 2022	Due on demand	Due within 3 Months	Due Between 3 and 12 Months	Due Between 1 and 5 years	Due greater than 5 years	Total
	USD	USD	USD	USD	USD	USD
Financial liabilities						
Other payables	-	153,540	-	-	-	153,540
Total liabilities	-	153,540	-	-	-	153,540

Capital Management

Total capital is considered to be the total equity as shown in the statement of financial position.

The Company is a closed-end fund and repurchase of shares in issue can be done with the consent of the Board of Directors. The Company is not subject to externally imposed capital requirements.

The objectives for managing capital are:

- To invest the capital in investment meeting the description, risk exposure and expected return indicated in the Admission document.
- To achieve consistent capital growth and income through investment in value, arbitrage and special situations opportunities derived from the African continent.
- To maintain sufficient size to make the operation of the Company cost effective.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

14(b). AT THE MASTER FUND'S LEVEL

The financial risks at Master Fund Level are described as follows:

Fair value

The carrying amount of financial assets and liabilities at fair value through profit or loss held at Master Fund level are measured at fair value at the reporting date. The carrying amount of other receivables, cash and cash equivalents, trade and other payables and amount payable to related party at Master Fund levels approximates their fair value due to their short-term nature.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Market risk

The market risk lies primarily at the Master Fund level. Short selling involves borrowing securities and selling them to a broker-dealer. The Master Fund has an obligation to replace the borrowed securities at a later date. Short selling allows the Master Fund to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Fund sold the security short. Possible losses from short sales may be unlimited as the Master Fund has an obligation to repurchase the security in the market at prevailing prices at the date of acquisition.

With written options, the Master Fund bears the market risk of an unfavourable change in the price of the security underlying the option. Exercise of an option written by the Master Fund could result in the Master Fund selling or buying a security at a price significantly different from its fair value.

A contract for difference creates, as its name suggests, a contract between two parties speculating on the movement of an asset price. The term 'CFD' which stands for 'contract for difference' consists of an agreement (contract) to exchange the difference in value of a particular currency, commodity share or index between the time at which a contract is opened and the time at which it is closed. The contract payout will amount to the difference in the price of the asset between the time the contract is opened and the time it is closed. If the asset rises in price, the buyer receives cash from the seller, and vice versa. The Master Fund bears the risk of an unfavourable change on the fair value of the CFD. The risk arises mainly from changes in the equity and foreign exchange rates of the underlying security.

The Master Fund's financial assets are susceptible to market risk arising from uncertainties about future prices of the instruments. Since all securities investments present a risk of loss of capital, the Investment Manager moderates this risk through a careful selection of securities and other financial instruments. The Master Fund's overall market positions are monitored on a daily basis by the Investment Manager.

The directors have based themselves on past and current performance of the investments and future economic conditions in determining the best estimate of the effect of a reasonable change in equity prices, currency rate and interest rate.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks.

The equity price risk exposure arises from the Master Fund's investments in equity securities, from equity securities sold short and from equity-linked derivatives (the written options). The Master Fund manages this risk by investing in a variety of stock exchanges and by generally limiting exposure to a single industry sector to 15% of NAV.

Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on 'other comprehensive income' as the Master Fund have no assets classified as 'available-for-sale' or designated hedging instruments.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite impact.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Equity price risk (Continued)

Master Fund	**Change in NAV price**	**Effect on net asset attributable to Shareholders 2023**
		USD
Financial assets at fair value through profit or loss	10%	**872,771**
	-10%	**(872,771)**

Master Fund	**Change in NAV price**	**Effect on net asset attributable to Shareholders 2022**
		USD
Financial assets at fair value through profit or loss	10%	**1,863,483**
	-10%	**(1,863,483)**

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Currency risk

The Master Fund's investments are denominated in various currencies as shown in the currency profile below. Consequently, the Company is exposed to the risk that the exchange rate of the United States Dollar (USD) relative to these various currencies may change in a manner which has a material effect on the reported values of its assets denominated in those currencies. To manage its risks, the Master Fund may enter into currency arrangements to hedge currency risk if such arrangements are desirable and practicable.

The following table details the Master Fund's sensitivity to a possible change in the USD against other currencies. The percentage applied as sensitivity represents management's assessment of a reasonably possible change in foreign currency denominated monetary items by adjusting the translation at the year-end for the change in currency rates at the Master Fund level. A positive number below indicates an increase in profit where the USD weakens against the other currencies. In practice, actual results may differ from estimates and the difference can be material. The effect of a change in USD against other currencies at the Master Fund level as per the table below will have the same impact at the company level and will form part of the NAV of the subsidiary.

The sensitivity analysis shows how the value of a financial instrument will fluctuate due to changes in foreign exchange rates against the US Dollar, the functional currency of the Company.

Currency Risk - Year 2023

	Currency	Effect on net assets attributable to shareholders in (USD)	
Master Fund			
Change:		**30%**	**-30%**
	Ghana Cedi	(1,019,397)	1,019,397
	Kenyan Shilling	(65,396)	65,396
	South African Rand	(24,835)	24,835
Change:		**5%**	**-5%**
	Great British Pound	(383)	383

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Currency risk (Continued)

Currency Risk - Year 2022

	Currency	Effect on net assets attributable to shareholders in (USD)	
Master Fund			
Change:		**30%**	**-30%**
	Botswana Pula	(95,224)	95,224
	Ghana Cedi	(1,605,354)	1,605,354
	Kenyan Shilling	(91,305)	91,305
	South African Rand	(26,315)	26,315
	Tanzanian Shilling	(331,067)	331,067
	Zambian Kwacha	(2,005,894)	2,005,894
Change:		**5%**	**-5%**
	Great British Pound	(329)	329

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The fair values of the Master Fund's debt securities fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments.

The investments in debt securities have fixed interest rate and the income and operating cash flows are not exposed to interest rate risk. The change in fair value of investments based on a change in market interest rate (a 50 basis points change) is not material and has not been disclosed.

Credit risk

Financial assets that potentially expose the Master Fund to credit risk consist principally of cash balances and interest receivable. The extent of the Master Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Master Fund's statement of financial position (note 15). The Master Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	Master Fund	Master Fund
	Carrying amount	Carrying amount
	USD	USD
Other receivables, excluding prepayments	**28,700**	28,700
Cash and cash equivalents	**2,113,625**	1,516,490

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Concentration risk

At 31 December 2023 the Master Fund held investments in Africa which involves certain considerations and risks not typically associated with investments in other developed countries. Future economic and political developments in Africa could affect the operations of the investee companies.

Analysed by geographical distribution of underlying assets:

	Master Fund 2023	Master Fund 2022
	USD	USD
Equity Securities		
Ghana	**3,397,990**	5,351,179
Zimbabwe	**2,895,212**	2,149,384
Other	**2,125,800**	2,625,800
Kenya	**217,987**	304,350
South Africa	**90,723**	96,833
Zambia	**-**	6,686,314
Tanzania	**-**	1,103,558
Botswana	**-**	317,415
Total	**8,727,712**	18,634,833

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Concentration risk (Continued)

Analysed by industry of underlying assets:

	Master Fund 2023	Master Fund 2022
	USD	USD
Equity Securities		
Financial Services	**3,488,714**	5,448,012
Real Estate	**2,895,211**	2,149,384
Other	**2,125,800**	2,625,800
Utilities	**217,987**	6,990,664
Beverages	**-**	1,103,558
Consumer Finance	-	317,415
Total	**8,727,712**	18,634,833

Maturity Analysis

All figures are expressed in USD.

As at 31 December 2023	**Within 12 Months**	**After 12 Months**	**Total**
ASSETS			
Cash and cash equivalents	2,113,625	-	2,113,625
Trade and other receivables	28,700	-	28,700
Equity securities	6,601,912	-	6,601,912
Unquoted equity securities	-	2,125,800	2,125,800
Total assets	**8,744,237**	**2,125,800**	**10,870,037**
LIABILITIES			
Trade and other payables	455,217		455,217
Total liabilities	**455,217**	**-**	**455,217**

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

14(b). AT THE MASTER FUND'S LEVEL (CONTINUED)

Maturity Analysis (Continued)

All figures are expressed in USD.

As at 31 December 2022	Within 12 Months	After 12 Months	Total
ASSETS			
Cash and cash equivalents	1,516,490	-	1,516,490
Trade and other receivables	28,700	-	28,700
Equity securities	6,539,674	9,469,359	16,009,033
Unquoted equity securities	488,633	2,137,167	2,625,800
Total assets	**8,573,497**	**11,606,526**	**20,180,023**
LIABILITIES			
Trade and other payables	467,410	-	467,410
Amount payable to related party - AOF Ltd	227,805	-	227,805
Total liabilities	**695,215**	**-**	**695,215**

15. ANALYSIS OF NAV OF MASTER FUND ATTRIBUTABLE TO ORDINARY SHARES

	2023	2022
	USD	USD
ASSETS		
Cash and cash equivalents	2,113,625	1,516,490
Trade and other receivables	28,700	28,700
Financial assets at fair value through profit or loss	8,727,712	18,634,833
Total assets	10,870,037	20,180,023
EQUITY AND LIABILITIES		
Liabilities		
Trade and other payables	455,217	467,410
Amount payable to related party - AOF Ltd	-	227,805
Total liabilities	455,217	695,215
Net assets attributable to members' account	10,414,820	19,484,808

16. SEGMENT INFORMATION

For management purposes, the Company is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all material operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

For geographical segmentation at the Master Fund level, please refer to Note 14.

17. PERSONNEL

The Company did not employ any personnel during the year (2022: nil).

18. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

19. EVENTS AFTER REPORTING DATE

Other than described above, there were no other material events after the reporting date up to the date that these financial statements were authorised for issue that warrant adjustments or disclosures in the financial statements for the year ended 31 December 2023.

SHARE PRICE

Prices of Africa Opportunity Fund Limited are published daily in the Daily Official List of the London Stock Exchange. The shares trade under Reuters symbol “AOF.L” and Bloomberg symbol “AOF LN”.

MANAGER

Africa Opportunity Partners LLC.

COMPANY INFORMATION

Africa Opportunity Fund Limited is a Cayman Islands incorporated closed-end investment company admitted to trading on the SFS operated by the London Stock Exchange.

CAPITAL STRUCTURE

The Company has an authorized share capital of 1,000,000,000 ordinary shares of US$0.01 each of which 11,468,907 are issued and fully paid.

LIFE OF THE COMPANY

Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence. On June 27, 2019, the Shareholders passed a further ordinary resolution at an extraordinary general meeting of the Company on that the Company continues in existence through 30 June 2022.

In June 2022, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") adopted as the new investment policy of the Company continues;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

In summary, shareholders voted to give AOF two years during which the Investment Manager will realize the portfolio in an orderly manner and distribute the proceeds to the shareholders. (Please review the Company’s Circular dated 13 June 2022 for a detailed and comprehensive description of the Continuation Vote).

A brief synopsis of the “New Investing Policy” which shall remain in force through 30 June 2024 is below: (Please review the Company’s Circular dated 5 June 2019 for a detailed and comprehensive description of the Policy):

For a period of up to three years following the EGM (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital.

It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments, and it may take the Investment Manager some time to realise these.

REGISTERED NUMBER

Registered in the Cayman Islands number MC-188243.

Website

www.africaopportunityfund.com