



**AVX LIMITED PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 5 APRIL 2013**
Scheme Registration Number: 10023435

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

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AVX Limited Pension Scheme

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Trustees, Principal Employer and Advisers

Trustees

Employer-nominated Trustees

R J Lawrence - Chairman

K P Cummings

M H McCann

Member-nominated Trustees

S H Cunday

P Fenwick

Principal Employer

AVX Limited

Actuary

Paul McCarron, F.I.A.

Mercer Limited

Independent Auditors

PricewaterhouseCoopers LLP

Administrator and Consultants

Mercer Limited

Investment Manager

State Street Global Advisors

Investment Custodian

State Street Bank and Trust Limited

AVC Providers

Prudential Assurance

Phoenix Life and Pensions Limited

Life Assurance Companies

Assicurazioni Generali S.p.A

UnumProvident

Bank

National Westminster Bank plc

Legal Adviser

Pinsent Masons LLP (merged with McGrigors with effect from 1 May 2012)

AVX Limited Pension Scheme

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Trustees, Principal Employer and Advisers

Contact for further information and complaints about the Scheme

Mr R J Lawrence
AVX Limited
Prospect House
6 Archipelago
Lyon Way
Frimley, Surrey
GU16 7ER

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Introduction

The Trustees of AVX Limited Pension Scheme (the Scheme) are pleased to present their report together with the accounts for the year ended 5 April 2013. The Scheme is a defined benefit scheme. The Scheme was closed to new entrants with effect from 1 April 1997.

Management of the Scheme

Trustees

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustees.

The two Member-nominated Trustees (2012: two), as shown on page 1, are nominated by the members under the rules notified to the members of the Scheme to serve for a period of five years. They may be removed before the end of their five year term only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of one of the pension plans of the Principal Employer, AVX Limited.

In accordance with the trust deed, the Principal Employer, AVX Limited, has the power to appoint and remove the other Trustees of the Scheme.

The Trustees have met twice during the year (2012: twice).

Further information about the Scheme is given in the explanatory booklet, dated April 1999, which is issued to all members.

Governance and risk management

The Trustees have in place a business plan which sets out their objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Scheme efficiently and serves as a useful reference document.

The Trustees have also focused on risk management. A risk register has been put in place which sets out the key risks to which the Scheme is subject along with the controls in place to mitigate these. This register is regularly reviewed and updated by the Trustees.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and which was revised and reissued in November 2009. The Trustees have agreed a training plan to enable them to meet these requirements.

Principal Employer

The Scheme is provided for all eligible employees of the Principal Employer whose registered address is AVX Limited, Prospect House, 6 Archipalego, Lyon Way, Frimley, Surrey, GU16 7ER.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Financial development

The accounts on pages 12 to 19 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £59,758,633 at 5 April 2012 to £70,168,865 at 5 April 2013.

The increase shown above comprised net additions from dealings with members of £1,815,652 together with net returns on investments of £8,594,580.

Merger of Schemes

The Trustees and Employer have agreed the terms of merging the defined benefit section of The AVX Retirement Plan into the AVX Limited Pension Scheme with effect from 30 September 2013. There will be no changes in members' defined benefits as a result of the merger. As AVX Limited is the Principal Employer for both pension schemes, there will be no change in who is ultimately responsible for funding the members' benefits.

Actuarial position of the Scheme

An actuarial valuation of the Scheme was carried out with an effective date of 5 April 2012.

The Results of the actuarial valuation showed the following:

	£ millions
The Statutory Funding Objective (SFO) in relation to the liabilities:	82.0
Valuation of assets:	59.6
Shortfall relative to the SFO	22.4
Funding level	73%

If the Trustees were to buy insurance policies to meet the Scheme's liabilities, instead of continuing to run the Scheme as a going concern, the Company would need to meet the full additional cost of doing this. At the last actuarial valuation of the Scheme as at 5 April 2012, the estimated cost of securing benefits with an insurance policy would be £110.4m and the Scheme's assets were 54.0% of this amount. The actual cost would depend on the cost of purchasing annuities with an insurance company and this might be more, or less, than the estimate provided. The fact that we have shown this does not mean that the Company is thinking of winding up the Scheme.

Although there was a shortfall at the last valuation this has not affected the pensions paid from the Scheme and all members who have retired have received the full amount of their pension.

The Trustees have reviewed the Company's financial position and are satisfied that it is financially secure and can continue to pay the agreed level of contributions to the Scheme.

It is worth remembering that a valuation is just a "snap shot" of the Scheme's funding position and it can change considerably if there are sudden changes in share prices, gilt yields or members of the Scheme live longer than we expected.

The actuarial information in relation to the Scheme is shown on pages 25 to 26 of the Annual Report.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Membership

The membership movements of the Scheme for the year are given below:

	Actives	Pensioners	Members with Preserved Benefits	Total
At 6 April 2012	10	436	465	911
Adjustments	-	2	(1)	1
Retirements	-	13	(13)	-
Deaths	-	(9)	(1)	(10)
Spouses and dependants	-	7	-	7
Pensions ceasing	-	(1)	-	(1)
Leavers with deferred benefits	(1)	-	1	-
Pension Commuted for Cash	-	(1)	-	(1)
At 5 April 2013	<u>9</u>	<u>447</u>	<u>451</u>	<u>907</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Investments

General

All investments have been managed during the year under review by the investment manager and AVC providers as detailed in the Trustees, Principal Employer and Advisers section on page 1. There is a degree of delegation of responsibility for investment decisions.

The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the investment manager.

Investment principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. The statement was updated in June 2010 and a copy of the statement is available on request. The Trustees primary objectives in considering the investment policy are:

- To restore the funding position of the Scheme on an ongoing basis to at least 100%
- To ensure that it can meet its obligation to the beneficiaries of the Scheme
- To pay due regard to the Company's interest in the size and incidence of contribution payments
- To achieve a return on the total Scheme monies which is compatible with the level of risk considered appropriate

The Myners Review and Code of Best Practice

The Myners principles codify best practice in investment decision-making. While they are voluntary, pension fund trustees are expected to consider their applicability to their own fund and report on a 'comply or explain' basis how they have used them.

The principles were initially published in 2001 following a Government sponsored review of institutional investment by Paul Myners, which found shortcomings in the expertise and organisation of investment decision-making by pension fund trustees.

In March 2008 the Government consulted on proposals to update the Myners principles. This led to the publication of a revised set of six principles for Defined Benefit (DB) schemes in October 2008, together with the establishment of an Investment Governance Group (IGG) to oversee the industry-led framework for the application of the principles.

While there are now only six DB principles, in place of the original ten, their scope is largely unchanged. The principles continue to emphasise the essentials of investment governance, notably the importance of effective decision-making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities. The Trustees consider that their investment policies and their implementation are in keeping with the revised principles for DB schemes.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Investment Report

Market Review

For equity investors the 12 months to the end of March 2013 was undoubtedly a year of two halves. During the first six months equity markets in general swooned as investors grappled with concerns that the economic recovery in the US was losing momentum again during the summer months, that China was slowing down amid fears of a hard landing and that there was no end in sight to the European debt crisis. Equity markets experienced a steep decline through April and May before the election of a euro-friendly government in Greece helped settle nerves. Nonetheless, wariness remained and non-euro assets tended to outperform at this time as investors favoured 'safe-haven' investments. UK assets benefited from this trend even as the UK economy slipped into a double-dip recession.

The pivotal moment of 2012 arguably came in late July when ECB President Mario Draghi stated that the bank would do 'whatever it takes' to support the euro. This followed a cut in the benchmark interest rate and was backed up by renewed bond purchase plans and commitments from other central banks to expand quantitative easing measures. Equities enjoyed particularly strong gains in the third quarter of 2012 and these advances were achieved even as US and Chinese economic data looked to have taken a turn for the worse and as Europe lurched towards another recession. Corporate earnings also provided a signal that economic growth prospects had deteriorated but through this period the expectation that central banks would avert a return to the financial crisis depths underpinned sentiment.

As we headed into the second half of the period under review, the positive impetus to equity markets arising as a result of the actions of the ECB and other Central Banks was bolstered by improving economic data out of the US in particular, while the Chinese economy also showed signs of stabilising. Markets also received a boost in general from favourable election results globally: the US presidential elections produced no major surprises and delivered a status quo result with President Obama holding on to the presidency, the Democrats retaining control of the Senate and the Republicans holding the House of Representatives. In China, the transition of power to the new Politburo Standing Committee went smoothly; while in Japan Prime Minister Shinzo Abe was re-elected whilst promising to ensure that the Bank of Japan does significantly more to support the economy.

The year under review finished on a positive note despite a number of material headwinds. In the US the fiscal cliff was averted on the back of last-minute negotiations, while the fact that the 'sequester' will tighten fiscal policy was largely ignored by markets as US economic data continued its positive tone (employment, consumption, housing and business data in general were all strong). Meanwhile, there was a reawakening of euro concerns on the back of the inconclusive outcome of Italian elections and the move to impose losses on deposits in Cypriot banks. In Asia, the new Japanese government reiterated its commitment to economic stimulus and Japanese equities maintained considerable upward momentum into 2013. However, the introduction of curbs to contain a potential property bubble in China dampened sentiment across emerging markets.

Within the major global markets Japanese equities enjoyed the strongest returns bolstered by the commitment to make the Bank of Japan more proactive. In local currency capital only terms, Japan's Nikkei gained 23.0% for the year to March 2013, while the S&P 500 advanced 11.4%. Returns in Europe were more dispersed: taking the lead was Germany's DAX index which climbed 12.2%, followed closely by the UK's FTSE 100 index which was up 11.5% and then France's CAC index up 9.0%. However, for European countries that were more directly affected by the European debt crisis returns were more mixed. At one extreme we saw Ireland's ISEQ index and Greece's ASE index advance 21.6% and 19.2% respectively, while at the other Italy's FTSEMIB index and Spain's IBEX index were down 4.0% and 1.1% respectively. The Chinese Shanghai Composite index also ended the year in negative territory, down 1.2%, as the uncertainty within this behemoth of emerging economies took its toll on the local stock market.

AVX Limited Pension Scheme

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Trustees' Report

Reflecting an environment of economic uncertainty globally, core government fixed income markets performed well, particularly up to the end of 2012 when demand for high-quality sovereigns such as the US, UK, Germany and Japan, drove yields to record low levels in all of these markets bar Japan (where yields have been low for many years). Unsurprisingly perhaps, Europe's peripheral bonds experienced a more volatile period as concerns about the capacity of Spain and Italy to avoid requesting a bailout kept their borrowing costs at an elevated level before firmer European commitments to the euro, backed up by bond purchases, during the summer of 2012 resulted in a much stronger performance. As was the case for a number of 'core' European countries, German bond yields turned negative for a time at the short-end of the yield curve (out to two years duration), while 10-year German yields fell to new record lows below 1.13% in June at the height of the euro crisis, before ending the 12 months under review at a still-remarkably low level of 1.29%. Similar maturity French bond yields dropped to 1.92% despite a ratings downgrade, while peripheral borrowing costs fell the most: Ireland returned to bond markets in early 2013 with a 10-year bond that was yielding 4.22% at the end of March 2013, while Italian yields were 4.76% having reached 6.71% during the summer months. UK gilts delivered positive returns during the year, with 10 year bonds yielding 1.77% at the end of March, amid concerns of a triple-dip economic recession.

There was real ebb and flow to economic data over the 12 month period. During the summer months and into autumn there was increasing evidence that the US and global economy was in softening mode. However, over the last six month data from employment to housing to retail sales indicate that the US may be stabilising and perhaps even re-gathering some positive momentum. US consumer confidence popped to a four-year high while manufacturing activity also improved. China also displayed some positivity, reporting a return to manufacturing growth, with a similar pattern also apparent in South Korea. Europe remains somewhat disconnected, with manufacturing activity continuing to contract across the region.

The evolution of the Japanese yen was arguably the main currency story for the period under review. Following the newly-elected Japanese Prime Minister's calls on the Bank of Japan to pursue further and aggressive easing measures, Haruiko Kuroda was appointed Governor in March 2013. Immediately following his appointment he announced a two-year target of 2% inflation as a goal and a commitment to further bond buying in pursuit of this goal. The yen lost 12.2% versus the US dollar over the course of the 12 months, whereas the euro, despite the on-going issues in the region only lost 3.6% versus the dollar.

Review of investment performance

The performance of the SSgA MPF Commingled Funds portfolio against each of their benchmarks for the 1, 3 and 5 year periods to 31 March 2013 is shown in the table below

	1 Year %	3 Years % p.a.	5 years % p.a.
SSgA MPF UK Equity Index Fund	16.82	8.88	6.90
Benchmark	16.77	8.78	6.74
SSgA MPF Japan Equity (100% Hedged) Index Fund	21.96	2.65	N/A
Benchmark	21.89	2.61	N/A
SSgA MPF North American Equity (100% Hedged) Index Fund	13.32	11.26	N/A
Benchmark	13.24	11.21	N/A
SSgA MPF Asia Pacific Equity (100% Hedged) Index Fund	10.85	4.76	N/A
Benchmark	10.92	4.72	N/A
SSgA MPF Europe ex -UK Equity (100% Hedged) Index Fund	16.33	4.86	N/A
Benchmark	16.42	4.84	N/A
SSgA MPF UK Over 15yr Conventional Gilt Index Fund	8.17	12.36	9.01
Benchmark	8.14	12.33	8.97
SSgA MPF Sterling Corporate Bonds All Stocks Index Fund	12.07	8.67	8.14
Benchmark	11.94	8.65	8.00
SSgA MPF UK Index Linked Gilts Over 5 Years Index Fund	11.78	N/A	N/A
Benchmark	11.74	N/A	N/A

5 year performance fund figures may not be applicable, as the Scheme's inception date with investing in these funds are less than 5 years.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Trustees' Report

Deployment of Assets

The deployment at the year end and the previous year end of the assets underlying the investments (excluding AVCs) is shown in the table below:

	2013	2012
	%	%
UK Equities	19.5	18.4
Overseas Equities	28.7	26.7
UK Fixed Interest and Corporate Bonds	<u>51.8</u>	<u>54.9</u>
	<u>100.0</u>	<u>100.0</u>

Custodial arrangements

The Trustees have appointed the custodian as detailed on page 1 as custodian of the Scheme's assets managed by the investment manager. The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

PFT Limited, a wholly owned subsidiary of Mercer Limited, has been appointed by the Trustees as custodian of the cash held in connection with the administration of the Scheme.

Basis of investment manager's fees

State Street Global Advisors charges fees quarterly based on an annual fixed charge of £1,000 plus variable rates bands of 0.04% to 0.275% on the balance up to £50m.

Further information

Further disclosures required by legislation are included in the Compliance Statement on pages 22 to 24.

Signed on behalf of the Trustees on 15th October 2013

R. Lawrence Trustee

M. H. M. Cann Trustee

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Statement of Trustees' Responsibilities

The accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition, at the end of that year, of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the accounts have been prepared in accordance with the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised May 2007).

The Trustees have supervised the preparation of the accounts and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustees also have a general responsibility for ensuring adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Independent Auditors' Report to the Trustees

Independent Auditors' Report to the Trustees of the AVX Limited Pension Scheme

We have audited the accounts of the AVX Limited Pension Scheme for the year ended 5 April 2013 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts and being satisfied that they show a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2013, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
Date: 16 October 2013

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Accounts

Fund Account

	Note	2013 Total £	2012 Total £
Contributions and benefits			
Contributions	3	4,284,379	4,324,605
Other income	4	1,040	745
		<u>4,285,419</u>	<u>4,325,350</u>
Benefits	5	(2,253,228)	(2,142,310)
Payments to and on account of leavers	6	-	(37,856)
Other payments	7	(16,224)	(15,826)
Administration expenses	8	(200,315)	(186,895)
		<u>(2,469,767)</u>	<u>(2,382,887)</u>
Net additions from dealings with members		<u>1,815,652</u>	<u>1,942,463</u>
Returns on investments			
Investment income	9	29,107	28,638
Investment management expenses	10	(82,056)	(72,946)
Change in market value of investments	11	8,647,529	3,589,353
Net returns on investments		<u>8,594,580</u>	<u>3,545,045</u>
Net increase in the fund during the year		10,410,232	5,487,508
Net assets at 6 April		59,758,633	54,271,125
Net assets at 5 April		<u>70,168,865</u>	<u>59,758,633</u>

The notes on pages 14 to 19 form part of these accounts.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Accounts

Net Assets Statement

	Note	2013 Total £	2012 Total £
Investment assets	11	69,728,291	59,315,545
Current assets	12	504,258	543,896
Current liabilities	13	(63,684)	(100,808)
Net assets at 5 April		<u><u>70,168,865</u></u>	<u><u>59,758,633</u></u>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustees' Report on page 4 and the actuarial information on pages 25 to 26 and these accounts should be read in conjunction therewith.

The notes on pages 14 to 19 form part of these accounts.

The accounts on pages 12 to 19 were approved by the Trustees on 15th October 2013

Signed on behalf of the Trustees

R. Lawrence Trustee

M. H. Cann Trustee

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

1. Basis of preparation

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007).

2. Accounting policies

The principal accounting policies are set out below.

2.1 Accruals concept

The accounts have been prepared on an accruals basis.

2.2 Valuation of investments

The market value of pooled investment vehicles is based on the bid price operating at the accounting date, as advised by the investment manager.

The AVC investments include policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

2.3 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Employer deficit funding contributions are accounted for on the due dates in accordance with the Schedule of Contributions.

The Trustees hold insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustees but, as is permitted under current regulations and accounting practice, the Trustees have decided that these policies need not be valued in the net assets statement.

Income arising from annuity policies is included in investment income and the pensions paid are included in benefits payable.

2.4 Transfers

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer.

2.5 Income

Income is accounted for in the period in which it falls due.

2.6 Fees and expenses

Fees and expenses are accounted for in the period in which they fall due.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

3. Contributions

	2013 Total £	2012 Total £
Contributions from employer:		
Normal	46,118	65,449
Deficit funding	4,200,000	4,200,000
	<u>4,246,118</u>	<u>4,265,449</u>
Contributions from members:		
Normal	34,937	56,607
Additional voluntary contributions	3,324	2,549
	<u>38,261</u>	<u>59,156</u>
	<u>4,284,379</u>	<u>4,324,605</u>

In accordance with the Recovery Plan and Schedule of Contributions certified by the Actuary on 9 April 2013, deficit funding contributions of £350,000 per month are payable into the Scheme by the employer from 5 April 2012 to 31 December 2018 inclusive.

4. Other income

	2013 Total £	2012 Total £
Interest on cash deposits held by the Trustees	<u>1,040</u>	<u>745</u>

5. Benefits

	2013 Total £	2012 Total £
Pensions	2,153,624	2,092,442
Commutations and lump sums on retirement	85,958	46,549
Lump sums on death in retirement	1,525	2,516
Refunds of contributions on death	12,121	803
	<u>2,253,228</u>	<u>2,142,310</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

6. Payments to and on account of leavers

	2013 Total £	2012 Total £
Individual transfer values paid to other schemes	-	37,856

7. Other payments

	2013 Total £	2012 Total £
Premiums on term insurance policies	16,224	15,826

Term insurance is secured by policies underwritten by Assicurazioni Generali S.p.A and UnumProvident. The reduction in the cost of insurance when compared to the prior year is due to a refund received from Assicurazioni Generali S.p.A in respect of prior years.

8. Administration expenses

	2013 Total £	2012 Total £
Administration fees	68,749	73,536
Audit fees	3,225	2,685
Trustee fees	3,200	3,500
Legal fees	2,968	5,392
Miscellaneous expenses	35	39
Scheme levies	44,050	58,376
Pension consultancy and actuarial	78,088	43,367
	<u>200,315</u>	<u>186,895</u>

The costs of the administration of the Scheme are borne by the Principal Employer and reimbursed by the Scheme.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

9. Investment income

	2013 Total £	2012 Total £
Annuity income	<u>29,107</u>	<u>28,638</u>

10. Investment management expenses

	2013 Total £	2012 Total £
Administration, management and custody	<u>82,056</u>	<u>72,946</u>

11. Investment assets

11.1 Investments

	2013 Total £	2012 Total £
Pooled investments		
- Managed funds		
- UK non-property	51,196,024	43,345,633
- Overseas non-property	18,364,580	15,819,568
	<u>69,560,604</u>	<u>59,165,201</u>
Additional voluntary contribution investments	167,687	150,344
	<u>69,728,291</u>	<u>59,315,545</u>

11.2 Summary of movement of investments for the year

	Market value at 6 April 2012 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 5 April 2013 £
Pooled investments	59,165,201	1,841,000	(79,107)	8,633,510	69,560,604
AVC investments	150,344	3,324	-	14,019	167,687
	<u>59,315,545</u>	<u>1,844,324</u>	<u>(79,107)</u>	<u>8,647,529</u>	<u>69,728,291</u>

11.3 Pooled investments

The pooled investments are held in the name of the Scheme. Income generated by these units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

The companies managing the pooled investments are registered in the United Kingdom.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

11.4 Additional voluntary contribution investments

The Trustees hold assets which are separately invested from the main fund in the form of individual policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year.

The total amount of additional voluntary contribution investments at the year end is shown below.

	2013	2012
	Total	Total
	£	£
Prudential Assurance	150,199	133,135
Phoenix Life and Pensions Limited	17,488	17,209
	<u>167,687</u>	<u>150,344</u>

11.5 Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £986 (2012: £6,124). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

11.6 Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year end:

	2013		2012	
	Total		Total	
	£	%	£	%
SSgA Sterling Corp Bonds All Stock Fund	18,869,075	26.9	16,223,601	27.1
SsgA UK Equity Index Fund	12,455,358	17.8	10,871,586	18.2
SSgA MPF UK Index Linked Gilts over 5y	10,073,494	14.4	8,165,018	13.7
SSgA MPF UK Conventional Gilts Over 15y Gilt Index Fund	9,798,097	14.0	8,085,428	13.5
SSgA Europe ex UK Equity (100% Hedged) Sub Fund	6,956,011	9.9	5,940,796	9.9
SSgA North America Equity(100% Hedged) Sub Fund	5,786,275	8.2	5,147,887	8.6

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Notes to the Accounts

12. Current assets

	2013 Total £	2012 Total £
Contributions receivable - employer	354,567	355,464
- members	2,987	4,717
Reimbursement of insured pensions	221	794
Pensions paid in advance	30,303	40,862
Life assurance paid in advance	10,380	17,477
Monies due from AVX Retirement Plan	11,967	4,568
Cash deposits held with the Scheme Administrator	93,833	120,014
	<u>504,258</u>	<u>543,896</u>

The contributions due as at 5 April 2013 were received after the year end in accordance with the due date set out in the Schedule of Contributions.

The cash deposits held with the Scheme Administrator represents the balance applicable to the Scheme on the PFT Limited Clients' Trust Account. The account is held with the National Westminster Bank plc.

13. Current liabilities

	2013 Total £	2012 Total £
Reimbursement of pensions received in advance	2,364	472
Lump sums on retirement payable	-	16,640
Taxation	17,121	15,461
Life assurance premiums payable	-	2,516
Administrative expenses payable	10,606	35,074
Investment management expenses payable	22,027	19,079
Amounts owed to other Schemes	11,566	11,566
	<u>63,684</u>	<u>100,808</u>

14. Post Net Assets Statement events

The Trustees and Employer have agreed the terms of merging the defined benefit section of The AVX Retirement Plan into the AVX Limited Pension Scheme with effect from 30 September 2013. There will be no changes in members' defined benefits as a result of the merger. As AVX Limited is the Principal Employer for both pension schemes, there will be no change in who is ultimately responsible for funding the members' benefits.

15. Related party transactions

At the year end, one Trustee is an active member of the Scheme (2012: one).

SH Cunday and P Fenwick are being paid for services as Trustees. This is because they are Member-Nominated Trustees who are no longer employed by the Company. A retainer fee of £1,000 is paid annually at the start of the calendar year and £300 for attendance at a Trustees meeting. The fees are met by the Scheme.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Independent Auditors' Statement about Contributions to the Trustees

Independent Auditors' Statement about Contributions to the Trustees of the AVX Limited Pension Scheme

We have examined the Summary of Contributions to the AVX Limited Pension Scheme for the Scheme year ended 5 April 2013 which is set out on the following page.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with relevant requirements.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of work on the statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the Schedule of Contributions and the timing of those payments.

Statement about contributions

In our opinion the contributions required by the Schedule of Contributions for the Scheme year ended 5 April 2013 as reported in the Summary of Contributions have in all material respects been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 18 March 2010.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
Date:16 October 2013.....

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Summary of Contributions

During the year ended 5 April 2013, the contributions payable to the Scheme by the company were as follows:

	2013 Total £
Contributions payable under the Schedule of Contributions:	
Contributions from employer:	
Normal	46,118
Deficit funding	4,200,000
	<hr/> 4,246,118
Contributions from members:	
Normal	34,937
Contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditors)	<hr/> 4,281,055
Other contributions:	
Additional voluntary contributions	3,324
Total contributions reported in the accounts	<hr/> <hr/> 4,284,379

Signed on behalf of the Trustees on 15th October 2013

R. Lawrence Trustee

M. H. Kavan Trustee

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Compliance Statement

Constitution

The Scheme was established on 16 November 1987 and is governed by a definitive trust deed dated 20 September 1991, with subsequent amendments.

Taxation

The Scheme is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

Pension increases

The following pension increases are disclosed as at 1 April 2012, as these reflect the pensions in payment during the year:

As at 1 April 2012, all pensions in payment to Tantalum members of the Plan were increased as follows:

- 3.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5.0% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

As at 1 April 2012 all pensions in payment to Varelco members of the Plan were increased as follows:

- 5.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5.0% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

No discretionary pension increase was awarded during the year.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993. None of the transfer values paid was less than the amount provided by the Regulations.

Benefit Design Changes

From 1 July 2007 active members in the Scheme can elect to remain on the 1/60ths accrual rate or move down to the 1/80ths accrual rate, with corresponding member contribution rates of 13% or 8% of Pensionable Salaries respectively.

Pension built up prior to 1 July 2007 is unaffected.

Active members have a further option on a one-off basis to switch from their original decision on any 1 April between now and when they retire. This switch, if made, would be final and non-reversible.

Employer-related investments

There was no employer-related investment at any time during the year.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Compliance Statement

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator and it can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0845 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pensions tracing

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Telephone: 0845 600 2537

The Pensions Advisory Service

Any concerns connected with the Scheme should be referred to Mr R J Lawrence, at the address shown on page 2, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the trustees can consult with The Pensions Advisory Service. A local adviser can usually be contacted through a Citizens Advice Bureau. Alternatively the Service can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923
Email: enquiries@pensionsadvisoryservice.org.uk
Website: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of The Pensions Advisory Service, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7630 2200
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Compliance Statement

The Pension Protection Fund

The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. The pension protection levy is one of the ways that the PPF funds the compensation payable to members of schemes that transfer to the PPF.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Actuarial Information

Certification of schedule of contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the Statutory Funding Objective can be expected to be met at the valuation date of 05 April 2012, by the end of the period specified in the Recovery Plan dated April 2013.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated April 2013.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature

Paul McCarron

Scheme Actuary

Paul McCarron

Date of signing

9 April 2013

Name of Employer

Mercer Limited

Address

Bedford House
Bedford Street
Belfast BT2 7DX

Qualification

Fellow of the institute of Actuaries

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2013

Actuarial Information

Certificate of technical provisions

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 5 April 2009 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated April 2013.

Signature

Paul McCarron

Name

Paul McCarron

Qualification

Fellow of the institute of Actuaries

Date of signing

5 July 2013

Name of Employer

Mercer Limited

Address

Bedford House
Bedford Street
Belfast BT2 7DX