

ANNUAL REPORT

AVX LIMITED PENSION SCHEME

FOR THE YEAR ENDED

5 APRIL 2011

Scheme Registration Number: 10023435

AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2011

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AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2011

Scheme Advisers and Principal Employer

Scheme Actuary

Paul McCarron F.I.A.
Mercer Limited

Independent Auditors

PricewaterhouseCoopers LLP

Investment Manager

State Street Global Advisors

Additional Voluntary Contribution (AVC) Providers

Clerical Medical	(removed 8 November 2010)
Prudential Assurance	
Phoenix Life and Pensions Limited	(Varelco members only)

Legal Adviser

McGrigors

Scheme Administrator and Consultants

Mercer Limited

Bank

National Westminster Bank plc

Life Assurance Companies

Assicurazioni Generali S.p.A
UnumProvident

Principal Employer

AVX Limited

AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2011

Contacts for further information and issues about the Scheme

Mr R J Lawrence
AVX Limited
Admiral House
Harlington Way
Fleet
Hants
GU51 4BB

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Introduction

The Trustees of the AVX Limited Pension Scheme (the "Scheme") are pleased to present their report together with the audited accounts for the year ended 5 April 2011. The Scheme is a defined benefit Scheme.

On 7 July 2010 the Principal Employer, AVX Limited, signed a deed of guarantee with the Trustees of the AVX Limited Pension Scheme. The deed guarantees to the Trustees the ongoing obligations of the Company (Guarantor) to contribute to the AVX Limited Pension Scheme.

Management of the Scheme

The Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006 came into force on 6 April 2006 and prescribe the composition of Trustee boards. In accordance with these regulations, two of the Trustees have been nominated by the members under the rules notified to the members of the Scheme, to serve for a period of five years.

During the year under review the Trustees of the Scheme have been:

R J Lawrence	(Chairman)	
M J Symonds		(retired 30 September 2010)
S H Cunday	(Member-Nominated)	
P Curtis	(Member-Nominated)	
K P Cummings		
H McCann		(appointed 30 September 2010)

The Member-Nominated Trustees 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 the Scheme. In accordance with the Trust Deed, the Principal Employer, AVX Limited, has the power to appoint and remove the other Trustees of the Scheme.

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 a business plan which sets out their objectives in areas such as administration, investment, funding 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.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

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, Admiral House, Harlington Way, Fleet, Hampshire, GU51 4BB.

Financial development

The accounts on pages 15 to 23 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £49,417,593 at 5 April 2010 to £54,271,125 at 5 April 2011.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Actuarial position of the Scheme

The latest full actuarial valuation of the Scheme was carried out with an effective date of 5 April 2009.

A subsequent update of the funding position to 5 April 2011, on a consistent basis, was completed in May 2011 and showed the following.

	£ million's
The Statutory Funding Objective (SFO) in relation to the liabilities:	65.3
Valuation of assets:	53.7
Shortfall relative to the SFO:	11.6
Funding level	82%

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 2009, the estimated cost of securing benefits with an insurance policy would be £80.4 million and the Scheme's assets were 47.6% of this amount. This does not mean that the Company is thinking of winding up the Scheme. The fact that there was a shortfall at the last valuation 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 we just live longer than we expect.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 24 of the Annual Report and the Actuarial Certificate of Technical Provisions is shown on page 25 of the Annual Report.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Membership

Details of the current membership of the Scheme are given below:

	2011	2010
Active members		
Active members at the start of the year	14	92
Retirements	(4)	(35)
Members leaving with preserved benefits	-	(43)
Active members at the end of the year	10	14
Pensioners		
Pensioners at the start of the year	415	366
Adjustments	(2)	-
Members retiring	4	35
Members with preserved benefits reaching retirement	13	16
Spouses and dependants	7	5
Pensioners ceasing	-	(1)
Pensioners who died	(6)	(5)
Cash taken	-	(1)
Pensioners at the end of the year	431	415
Members with preserved benefits		
Members with preserved benefits at the start of the year	489	471
Adjustments	-	(3)
Leavers with preserved benefits	-	43
Members with preserved benefits becoming pensioners	(13)	(16)
Exit with no further liability	(1)	-
Deaths	(2)	-
Transfer Out	(4)	(6)
Preserveds at the end of the year	469	489
Total membership at the end of the year	910	918

Pensioners include individuals receiving a pension upon the death of their spouse.

The Scheme was closed to new entrants with effect from 1 April 1997. New entrants after that date are eligible to join the defined contribution section of The AVX Retirement Plan.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Investments

General

All investments, with the exception of the AVC assets, have been managed during the year under review by State Street Global Advisors. There is a degree of delegation of responsibility for investment decisions. The investment strategy is agreed by the Trustees after taking appropriate advice. 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.

AVC Investments

In November 2010 the Trustees agreed to transfer the AVC investments under the Scheme from a cash fund held with Clerical Medical to Prudential. Over the past 5 years Prudential's cash deposit fund had outperformed Clerical Medical's cash deposit fund. In addition, Prudential do not charge an explicit management charge on AVC funds. Consequently, the Trustees felt it would be in the members' best interest to transfer the Scheme's AVC funds to Prudential.

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.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

The Myners review and code of best practice - continued

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.

Investment report

General Review

Global equities have recently been bandied about by turmoil in Libya and other Arab nations, which kept upward pressure on oil prices. Concern about US jobs, European bonds, and global trade reinforced the sense of caution, even before a record earthquake struck off the coast of north-eastern Japan on 11 March 2011. Fragile sentiment persisted into late March, when worries about spreading radiation from the tsunami-damaged Fukushima Daiichi nuclear complex drove many equity indices to their lowest levels of the year. Only then did investors start looking for values more aggressively. When the Bank of Japan added tens of trillions of yen of fresh liquidity to keep financial conditions accommodative, share prices around the world began a steady rebound that carried through to the end of the fiscal first quarter. Commodity prices recovered nicely, and some sectors were helped by anticipation of increased demand for energy and materials in support of Japanese reconstruction.

The spirited rally helped global equities turn what could have been a rough 2011 first quarter into another solid performance for major indices. Deepening credit woes in peripheral Europe, and the tragic devastation in Japan, left many developed markets with losses in March. In spite of this, most only conceded a portion of the healthy gains that they had achieved during the last twelve months, when solid earnings reports and rising economic optimism had boosted share prices. Stubborn fiscal challenges across the developed markets reminded investors that emerging countries, even with an ongoing trend to tighter money, still have considerable financial flexibility and ample growth potential. This lifted the MSCI Emerging Markets Index to fresh post-2008 highs.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Investment report - continued

While equities were dealing with the biggest surges in volatility since the middle of 2010, fixed income securities showed remarkable poise. Even as inflation concerns festered during January and February 2011, yield curves that had already steepened dramatically kept bond prices from suffering too greatly, and broad fixed income benchmarks finished the period with positive returns. Robust corporate earnings helped credit spreads narrow throughout the period, and they only backed up modestly during the menacing middle of March 2011. The most troubling arena in the bond markets remained peripheral Europe, where Greek yields stayed elevated in the low teens, Irish yields made their way into double digits, and Portuguese yields broke through the 8% barrier. The larger eurozone markets came to face a different challenge during the year, when the European Central Bank (ECB) began to hint more directly about a rate hike. With eurozone inflation reaching 2.4% through February 2011, well above the 2% target, the ECB seemed reluctant to wait any longer before reacting to price pressures. The Bank of England appeared more willing to stay patient, at least for a while longer, while the US Federal Reserve expressed its desire to see more convincing job gains before moving to tighten policy.

Given the challenging stumbling blocks that confronted investors during the last twelve months, financial markets did remarkably well to build further on their broad recovery from the abyss that had engulfed them just over two years ago. Despite surging fuel prices, ongoing interest rate hikes in emerging countries, unaffordable yield levels for peripheral European borrowers, and the painfully tragic consequences of the Japanese earthquake, confidence levels stayed strong enough to foster continued economic resilience, burgeoning capital markets activity, and another quarter of positive returns for financial assets. Whether or not one agrees with the quantitative measures adopted by the US Federal Reserve, it is hard to escape the conclusion that the steady expansion of the Federal Reserve's balance sheet has played a major role in the ongoing buoyancy of security prices. Consistent corporate earnings and appealing valuations across a range of stocks and bonds have also played a part; but without minimal yields on cash, the incentives to keep building positions in risky assets might not seem so unrelenting. On this score, the second quarter of 2011 could face a fresh set of headwinds. Rate hikes in Europe may finally spread into the eurozone and the UK, providing a modest additional incentive to keep risk levels in line. While the US Federal Reserve seems duty bound to complete its QE2 program (second phase of Quantitative Easing), its scheduled end at mid-year 2011 may fluster investors who have built ample profits in equities, particularly if rising input costs begin to show up as a more obvious burden to earnings results. Investors are still likely to find returns on cash to be largely unsatisfying, and a deeper setback to riskier assets seems unlikely. However, it might be easier to espouse a prosperous outlook for the second half of 2011 if equities first process some of the potential disappointment in the months immediately ahead.

Scheme Assets

SSgA is responsible for various elements of the Scheme assets:

- Pooled, passive (index tracker) equity and bond assets—held in the flagship pension fund range of funds, Managed Pension Funds (MPF) Limited.

All the invested assets are of a highly liquid nature, and are custodied by State Street Bank and Trust.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Review of investment performance

The State Street Global Advisors Managed Pension Fund is invested in the SSgA MPF Commingled Funds. The objective is to achieve the total return (capital plus income) in line with the benchmark (net of transaction costs) with acceptable tracking tolerance.

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 2011 is shown in the table below.

	1 year %	3 years % p.a.	5 years % p.a.
SSgA MPF UK Equity Index Fund	8.84	5.59	3.85
<i>Benchmark</i>	8.72	5.38	3.71
SSgA MPF Japan Equity (100% Hedged) Index Fund	-3.82	3.83	-3.10
<i>Benchmark</i>	-4.02	3.59	-3.28
SSgA MPF North American Equity (100% Hedged) Index Fund	9.55	10.55	4.97
<i>Benchmark</i>	9.58	10.52	4.96
SSgA MPF Asia Pacific Equity (100% Hedged) Index Fund	14.22	15.03	14.81
<i>Benchmark</i>	14.17	14.74	14.63
SSgA MPF Europe Equity ex-UK (100% Hedged) Index Fund	7.15	3.13	4.74
<i>Benchmark</i>	7.16	2.90	4.57
SSgA MPF UK Over 15yr Conventional Gilt Index Fund	7.00	5.11	3.84
<i>Benchmark</i>	6.94	5.05	3.79
SSgA MPF Sterling Corporate Bonds All Stocks Index Fund	5.31	6.66	4.01
<i>Benchmark</i>	5.30	6.45	3.89

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:

	2011 %	2010 %
UK Equities	20.6	21.0
Overseas Equities	30.9	31.2
UK Fixed Interest	<u>48.5</u>	<u>47.8</u>
	<u>100.0</u>	<u>100.0</u>

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2011

Investment Strategy

All the assets of the Scheme are invested with State Street Global Advisors. The investment strategy includes around 50% of the assets being invested in equities and 50% in bonds.

Custodial arrangements

PFT Limited have been appointed by the Trustees as custodian of the cash held in connection with the administration of the Scheme.

Basis of investment managers' 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 26 to 28.

Signed on behalf of the Trustees on 18th Oct 2011

R. Lawrence Trustee

M. J. Carr Trustee

AVX Limited Pension Scheme

Statement of Trustees' Responsibilities

For the year ended 5 April 2011

The accounts 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, in accordance with applicable law and United Kingdom Auditing Standards (United Kingdom Generally Accepted Accounting Practice), of the financial transactions of the Scheme during the Scheme year and of the amount and disposition, at the end of that year, of the 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".

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 (other than voluntary 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 that 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

Independent Auditors' Report to the Trustees

For the year ended 5 April 2011

We have audited the accounts of the AVX Limited Pension Scheme for the year ended 5 April 2011 which comprise the Fund Account, the Net Assets statement, the accounting policies 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.

AVX Limited Pension Scheme

Independent Auditors' Report to the Trustees

For the year ended 5 April 2011

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 2011, 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: 18 October 2011

AVX Limited Pension Scheme

Accounts

As at 5 April 2011

FUND ACCOUNT

	Note	2011 £	2010 £
Contributions and Benefits			
Additions			
Contributions	3	4,539,269	3,252,681
Interest	4	6,444	990
		<u>4,545,713</u>	<u>3,253,671</u>
Withdrawals			
Benefits	5	(2,485,763)	(2,546,096)
Payments to and on account of leavers	6	(126,293)	(382,457)
Insurance premium	7	(33,018)	(48,382)
Administrative expenses	8	(200,201)	(194,559)
		<u>(2,845,275)</u>	<u>(3,171,494)</u>
Net additions from dealings with members		1,700,438	82,177
Returns on investments			
Investment income	9	29,288	27,363
Investment management expenses	10	(68,384)	(61,372)
Change in market value of investments	11	3,192,190	10,645,587
		<u>3,153,094</u>	<u>10,611,578</u>
Net returns on investments		3,153,094	10,611,578
Net increase in the fund during the year		4,853,532	10,693,755
Net Assets at 6 April		49,417,593	38,723,838
Net Assets at 5 April		<u>54,271,125</u>	<u>49,417,593</u>

The notes on pages 17 to 23 form part of these accounts.

AVX Limited Pension Scheme

Accounts

As at 5 April 2011

NET ASSETS STATEMENT

	Note	2011 £	2010 £
Investment assets	11	53,637,521	49,047,569
Current assets	12	686,157	638,575
Current liabilities	13	<u>(52,553)</u>	<u>(268,551)</u>
Net Assets at 5 April		<u>54,271,125</u>	<u>49,417,593</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 note on page 5 and the Actuarial Certificates on pages 24 to 25 and these accounts should be read in conjunction therewith.

The notes on pages 17 to 23 form part of these accounts.

The accounts on pages 15 to 23 were approved by the Trustees on 18th Oct 2011.

Signed on behalf of the Trustees

R) Lawrence Trustee

M J F Cann Trustee

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

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 taken as the bid price at the accounting date, as advised by the investment manager.

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.

The AVC investments include policies of assurance underwritten by Clerical Medical, Prudential Assurance and Phoenix Life and Pensions Limited. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the AVC Providers.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

2. Accounting policies (continued)

2.3 Contributions and benefits

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

Augmentations are accounted for in accordance with the agreement under which they are received.

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

The Scheme has purchased annuity policies to cover certain pensions in payment. The cost of acquiring these policies is included in the Fund Account in the year of purchase and represents the cost of discharging the obligations of the Scheme to the relevant members at the time of purchase.

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 Investment and other income

Interest on bank deposits is accounted for as it accrues.

2.6 Administrative expenses and investment management expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

3. Contributions

	2011 £	2010 £
Contributions from employer:		
Normal	72,105	179,781
Deficit funding	4,200,000	2,832,000
Augmentations	140,000	-
	<u>4,412,105</u>	<u>3,011,781</u>
Contributions from members:		
Normal	58,364	157,177
AVCs	68,800	83,723
	<u>127,164</u>	<u>240,900</u>
	<u><u>4,539,269</u></u>	<u><u>3,252,681</u></u>

In accordance with the Schedule of Contributions certified by the Actuary on 18 March 2010, deficit funding contributions of at least £350,000 per month are payable into the Scheme by the employer from January 2010 to December 2014 inclusive.

4. Other income

	2011 £	2010 £
Interest on cash deposits	958	990
Other income	5,486	-
	<u>6,444</u>	<u>990</u>

5. Benefits

	2011 £	2010 £
Pensions	2,014,106	1,767,752
Commutations and lump sums on retirement	443,895	769,137
Lump sums on death in retirement	6,376	-
Refunds of contributions on death	21,386	-
Purchase of annuities	-	9,207
	<u>2,485,763</u>	<u>2,546,096</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

6. Payments to and on account of leavers

	2011 £	2010 £
Refunds to members leaving service	-	(720)
Payments for members joining state scheme	(380)	(798)
Individual transfers to other schemes	126,673	383,975
	<u>126,293</u>	<u>382,457</u>

7. Other payments

	2011 £	2010 £
Premiums on term insurance policies	<u>33,018</u>	<u>48,382</u>

Term insurance is secured by policies underwritten by Assicurazioni Generali S.p.A and UnumProvident.

8. Administrative expenses

	2011 £	2010 £
Administration	81,713	69,665
Pension consultancy and actuarial	65,465	89,469
The Pensions Regulator and Pension Protection Fund	39,795	30,478
Audit	3,144	2,129
Data protection	35	39
Trustee expenses	2,450	2,779
Legal	7,599	-
	<u>200,201</u>	<u>194,559</u>

Except as noted above, costs of the administration of the Scheme are borne by the Principal Employer.

9. Investment income

	2011 £	2010 £
Annuity income	<u>29,288</u>	<u>27,363</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

10. Investment management expenses

	2011 £	2010 £
Administration, management and custody	<u>68,384</u>	<u>61,372</u>

11. Investment assets

	2011 £	2010 £
Pooled Investment Vehicles		
SSgA Managed Pension Fund		
- UK Equities	11,001,151	10,224,174
- UK Fixed Interest	25,976,755	23,326,373
- Overseas Equities	16,509,861	15,212,853
	<u>53,487,767</u>	<u>48,763,400</u>
AVC investments	<u>149,754</u>	<u>284,169</u>
	<u>53,637,521</u>	<u>49,047,569</u>

The movements in total investments during the year were as follows:

	Market value at 6 April 2010 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 5 April 2011 £
Pooled investment vehicles - managed funds	48,763,400	2,086,655	(549,936)	3,187,648	<u>53,487,767</u>
AVC investments	284,169	173,331	(312,288)	4,542	<u>149,754</u>
	<u>49,047,569</u>	<u>2,259,986</u>	<u>(862,224)</u>	<u>3,192,190</u>	<u>53,637,521</u>

The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Income generated by the pooled funds is not distributed, but retained within the pooled investments and reflected in the market value of the pooled investment units.

The company managing the pooled investments is registered in the United Kingdom.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

Investment assets (continued)

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs charged during the year were £1,993 (2010: £9,571). In addition to transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles

Concentration of investments

The following pooled investments account for more than 5% of the Scheme's net assets as at 5 April 2011 and 5 April 2010:

	2011	2010
	%	%
SSgA MPF UK Over 15y Gilt Index Fund	24.0	23.2
SSgA Sterling corp All Stock Fund	23.9	24.0
SsgA UK Equity Index Fund	20.3	20.7
SSgA Europe ex UK Equity (100% Hedged) Sub Fund	12.3	12.3
SSgA North America Equity(100% Hedged) Sub Fund	9.1	9.2

11.1 AVC investments

The Trustees hold assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay AVCs. Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year end is shown below.

	2011	2010
	£	£
Prudential Assurance	134,296	29,298
Phoenix Life and Pensions Limited	15,458	12,338
Clerical Medical	-	242,533
	<u>149,754</u>	<u>284,169</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2011

12. Current assets

	2011 £	2010 £
Contributions receivable - employer	355,156	358,551
- employee	4,429	7,591
Reimbursement of insured pensions	11,315	4,922
Pensions paid in advance	1,391	-
Monies due from AVX Retirement Plan	44,568	17,686
Amounts owed from other schemes	56,800	-
Cash in transit	-	1,036
Cash deposits held with Scheme Administrator	212,498	248,789
	<u>686,157</u>	<u>638,575</u>

Contributions receivable

The contributions due as at 5 April 2011 were received after the year end in accordance with the due date set out in the Schedule of Contributions.

Cash deposits

This amount 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

	2011 £	2010 £
Reimbursed pensions received in advance	386	-
Pensions	90	-
Lump sums on retirement	-	188,359
Death benefits	2,477	-
Taxation	15,806	13,027
State scheme premiums	-	380
Administrative expenses	15,771	50,756
Investment management expenses	18,023	16,029
	<u>52,553</u>	<u>268,551</u>

Actuarial Certificate

Certification of Schedule of Contributions

Name of Scheme: AVX Limited Pension Scheme

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 by the end of the period specified in the Recovery Plan dated March 2010.

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 March 2010.

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

Name

Paul McCarron

Date of signing

18 March 2010

Name of Employer

Mercer Limited

Address

Bedford House
Bedford Street
Belfast
BT2 7DX

Qualification

Fellow of the Institute of Actuaries

Actuarial Certificate

Certificate of Technical Provisions

Name of Scheme: AVX Limited Pension Scheme

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 March 2010.

Signature

Paul McCarron

Name

Paul McCarron

Date of signing

5 July 2010

Name of Employer

Mercer Limited

Address

Bedford House
Bedford Street
Belfast
BT2 7DX

Qualification

Fellow of the Institute of Actuaries

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2011

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 status

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

Pension increases

As at 1 April 2010, all pensions in payment to Tantalum members of the Plan were increased as follows:

2.4 % on pre 97 excess over Guaranteed Minimum Pension;

0 % on post 1988 Guaranteed Minimum Pension, and

0 % on the post 1997 pension.

0% on the post 6 April 2006 pension

As at 1 April 2010 all pensions in payment to Varelco members of the Plan were increased as follows:

0.3% on pre 97 excess over Guaranteed Minimum Pension;

0 % on post 1988 Guaranteed Minimum Pension;

0.3 % on the post 1997 pension, and

0.3% on the post 6 April 2006 pension

No pension increase awarded during the year were discretionary.

Calculation of transfer values

No allowance is made in the calculation of transfer values for discretionary pension increases.

Benefit Design Changes

From 1 July 2007 active members in the Scheme can elect to remain on the 1/60^{ths} accrual rate or move down to the 1/80^{ths} 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.

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2011

Employer-related investment

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

The Pensions Regulator

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

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0870 6063636
Email: customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

Pension 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 6002537
Website: www.direct.gov.uk/en/Pensionsandretirementplanning/PlanningForRetirement/AboutToRetire/DG_10027189

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2011

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 advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively the Service can be contacted at:

The Pensions Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 6012923
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:

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 0207 6302200
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Pension Protection Fund

The Pension Protection Fund ("PPF") was established under the Pensions Act 2004 to protect the benefits of members of certain final salary and hybrid pension schemes on the insolvency of the sponsoring employer. Funding of the PPF comes from a number of sources, including an annual levy imposed on all eligible schemes. The PPF levy for 2010/2011 consists of two parts: a scheme-based levy (20%) based on the Scheme's PPF liabilities, and a risk-based levy (80%) based on the level of underfunding in the Scheme and the risk of the sponsoring employer becoming insolvent. Schemes which are more than 140% funded will not have to pay the risk-based levy.

AVX Limited Pension Scheme

Independent Auditors' Statement about Contributions to the Trustees

For the year ended 5 April 2011

We have examined the Summary of Contributions to the AVX Limited Pension Scheme for the period ended 5 April 2011 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 payable

In our opinion, the contributions required by the Schedule of Contributions for the Scheme year ended 5 April 2011 as reported in the Summary of Contributions have in all material respects been paid in accordance with the Schedule of Contribution certified by the Actuary on 18 March 2010.


PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Belfast

Date: 18 October 2011

AVX Limited Pension Scheme

Summary of Contributions Payable

For the year ended 5 April 2011

During the year ended 5 April 2011, the contributions payable to the Scheme by the Employer were as follows:

	2011 £
Contributions payable under the Schedule of Contributions:	
Contributions from employer:	
Normal	72,105
Deficit funding	4,200,000
Contributions from members:	
Normal	58,364
Contributions payable under the Schedule (as reported on by the Scheme auditors)	<u>4,330,469</u>
Other contributions payable	
AVCs	68,800
Augmentations	140,000
Contributions reported in the accounts	<u><u>4,539,269</u></u>

Signed on behalf of the Trustees on 18th Oct 2011.

R J Lawrence Trustee

M A J Tanner Trustee