The certified statement referred to above will show not only the actual invoice values, ascertained costs and resulting profits or losses but also the notional sales values, ascertained costs and corresponding adjusted profits or losses which would have resulted on these contracts if the contracts had been invoiced at the schedule price level ruling for tenders during the year. 5.(ii) When the independent accountant has received the returns under (i) above he will proceed in accordance with the annexed terms of reference (Annex 2). He will aggregate the sales and also the profits of each manufacturer over a three year period to which the return under 5(i) relates and the two previous years. For this purpose the sales and corresponding profits will be those which would have resulted if the invoices relating to the contracts for all three years had been invoiced at the schedule price level ruling during the third year. The independent accountant will then identify the two manufacturers (not necessarily the same for each of the three voltages) who, on this basis of computation of the profits, would have earned over the latest available three years the greatest percentage profit margin in respect of each of the three voltages. He will then summate the returns of these two manufacturers for the three years and ascertain the percentage profit margin for the three years on their combined sales to the C.E.G.B. at each of the voltages concerned. The returns of the two manufacturers with the lowest percentage profit margins for the three years will be ignored but they will nevertheless be subjected to the price adjustment set out in Clauses 6 and 7 below.

However, the first calculation to be made under this sub-clause shall be in accordance with Clause 9.

A similar calculation will be made using actual invoice values and resulting profits or losses and the percentage profit margins both actual and notional as ascertained for each of the three voltages will be advised to the C.E.B.G. and the G.S.M.

5.(iii) The G.S.M. agree to give the independent accountant such information and explanations as he may require.

6.(A) Unless otherwise agreed between the parties, prices in the agreed schedule of prices used for the preparation of tenders and for contracts placed during the calendar year following the year to which the returns under Clause 5(i) relates will be reduced by half the percentage, if any, by which the notional profit margin ascertained under Clause 5(ii) for the particular voltage for the average of the three previous calendar years has exceeded the agreed profit margin of 16½%, the schedule of prices so modified becoming the agreed schedule of prices.

Provided that if the notional percentage profit margin of one of the two producers showing the highest notional rate of return under Clause 5 (ii) shall be lower than the agreed profit margin, then no reduction will be made in the schedule of prices. Any such reduction shall, in any case, be limited to the difference between—

(a) the notional rate of return of the lower of the two highest margins identified under Clause 5(ii) and

(b) the agreed profit margin.

Any limitation in price reduction arising from the proviso in the previous two sentences will be advised by the independent accountant to the C.E.G.B. and G.S.M.

6.(B) For the purposes of the calculations to be made under Clauses 5, 6 and 7 of this Agreement there shall be eliminated from the contract and invoice prices any amount arising from the operation of the contract price adjustment clause referred to in Clause 11 of this Agreement and the same amount shall be eliminated from the relevant costs. Any percentage adjustment made to the prices under the provisions of Clause 7 below shall not be made to that part of the price which represents the contract price adjustment referred to above.

6.(C) The agreed Schedule of Prices shall be expressed as an index and the price level at 31st December 1965 shall represent 100. Adjustments to the index shall only be made by reference to adjustments arising under Clause 6(A). Any adjustments made to the Schedule of Prices under the provisions of Clause 10 of this Agreement shall not affect the index. For the purposes of making any actual or notional adjustments to contract or invoice prices under Clauses 5, 6 and 7 by reference to the level of the agreed Schedule of Prices the adjustment shall be made by way of a percentage reduction based on the movement in this index of schedule prices.

7. The prices for all invoices, in respect of contracts covered by this Agreement, rendered to the C.E.G.B. by the G.S.M. for the particular voltage during