



CROWN GAS & POWER

Consolidated Segmental Statement (CSS)

Document Ref: CC6018V1
Controlled Document

Document Status: Active

Document Control

Revision History

This document is a controlled document and its content is approved for use prior to issue by the Head of Regulations and Compliance. This document is regularly reviewed, revised where necessary and re approved prior to reissue. Old versions of this document shall be archived. To control amendments to this document the following Revision Record table shall be used:

Version	Date	Reason	Add/Edited sections	Author
1.0	15/04/2024	Published		A. Harris / J. Matthews

Version and review control

The electronic version of this document is the latest revision. It is the responsibility of the individual to ensure that any paper material is the current revision. The printed version of this document is uncontrolled, except when provided with a document reference number and revision in the Document Code below:

Document Name:	Consolidated Segmental Statement		
Document Code:	CC6018	Document Status:	Active
Document Version:	1	Version Effective From Date:	15/04/2024
Owner:	Finance	Classification:	Public
Frequency of review:	Annual	Internal/External Origin:	Internal

Regulatory compliance

Compliance Framework	Sections of the compliance framework relative to this policy
Supply Licence	Condition 19A of the gas and electricity licensees.

PROPRIETARY & CONFIDENTIAL

The information contained in this document is legally privileged and confidential to Crown Gas & Power (CGP). This document cannot be reproduced in any form or by any mechanical or electronic means, including electronic archival systems, without the written approval of CGP. If you have received this document by mistake, note that the reading, the reproduction or the distribution of this document is strictly forbidden. You are hereby requested to inform CGP by telephone at +44 (0)161 762 7744 and to return this document by certified mail.

Table of Contents

1	Abbreviations, references definitions.....	4
1.1	Abbreviations	4
1.2	References	4
1.3	Definitions.....	4
1.4	About Crown Gas & Power	4
1.5	Purpose	4
1.6	Scope.....	5
2	Consolidate Segmental Statement.....	6
2.1	Our group structure.	6
2.2	Our published accounts.....	7
2.3	Consolidated Segmental Statement – Year Ending 31 st July 2023	8
2.4	Consolidated Segmental Statement – Basis of Preparation	10
2.4.1	Corporate cost allocations	10
2.4.1	Heding Policy	10
2.4.2	Revenues (including other revenue).....	11
2.4.3	Direct Fuel Costs.....	12
2.4.4	Transportation Costs.....	12
2.4.5	Environmental and Social Obligation Costs.....	12
2.4.1	Other direct costs.....	12
2.4.1	Indirect costs.....	13
2.4.1	EBITDA/EBIT.....	13
2.4.1	WACO	13
2.4.1	Volume	13
2.4.2	Treatment of Joint Ventures and Associates.....	13
2.4.1	Adjustments.....	13

1 Abbreviations, references definitions

1.1 Abbreviations

Abbreviation	Reference
CGP	Crown Gas and Power Limited
CGP2	Crown Gas and Power 2 Limited
CRW	Crown Oil Limited
CSS	Consolidated Segmental Statements

1.2 References

Abbreviation	Reference
Ofgem Guidance	Guidance on the Consolidated Segmental Statements (March 27 th 2024)

1.3 Definitions

Term	Definition
Affiliates	Means Crown Gas and Power (Holdings) Limited and Crown Oil (Holdings) Limited
Crown Gas and Power	Unless the context states otherwise, shall mean the licensed activities of Crown Oil Limited t/a Crown Gas and Power ("CRW"), Crown Gas and Power Limited ("CGP") and Crown Gas and Power 2 Limited ("CGP2").
Relevant Licensee	Means Crown Oil Limited t/a Crown Gas and Power ("CRW"), Crown Gas and Power Limited ("CGP") and Crown Gas and Power 2 Limited ("CGP2").

1.4 About Crown Gas & Power

Since 2001, Crown Gas and Power has been supplying energy and providing site work services to non-domestic customers. Operating from its single Crown Point offices in Bury, Crown Gas and Power has a workforce of over 120 employees and has established itself as a reputable, serviced-focused business in the competitive retail market. Crown Gas and Power's success is attributed to several factors, including prudent and resilient energy purchasing strategies, the use of Third-Party Intermediaries (TPI) as the primary market route, efficient change management programs and the talent of its own employees. Consequently, Crown Gas and Power has built a diverse customer base, including micro-businesses, SMEs and mid-market businesses across various GB industries.

1.5 Purpose

The purpose of this document is to prepare and publish a Consolidated Segmental Statement (CSS) in respect of information relating to our revenues, costs and profits in the supply of gas and electricity to our customer premises. The CSS statement will be updated annually and provided to Ofgem as well as published on our website www.crowngas.co.uk. Overall, such information will help demonstrate compliance with condition 19A (Financial Information Reporting) of our energy supply licenses.

1.6 Scope

In accordance with condition 19A of the supply license, as at least one of our licensed entities supplies more than 10 non-domestic customers our CSS information will capture all our energy supply businesses. These are listed in **Table 1** below.

Table 1 Energy Supply Business

Licensed Entity "Relevant Licensee"	Abbreviation	License Type	Licensee Number
Crown Gas and Power Limited	CGP	Gas Supplier Gas Shipper	07980591
Crown Gas and Power 2 Limited	CGP2	Electricity Supplier	11357910
Crown Oil Limited (trading as Crown Gas and Power)	CRW	Gas Supplier	01315556

Furthermore, 19A.2 of the supply license requires that we prepare and publish the CSS in conjunction with any Affiliates (defined as "any holding company or subsidiary of a holding company of the Relevant Licensee"). The Affiliates of Crown Gas and Power are named in **Table 2** below.

Table 2 Crown Gas and Power Affiliates

Affiliate	Company Registration Number
Crown Gas and Power (Holdings) Limited	10403856
Crown Oil (Holdings) Limited	14088107

2 Consolidate Segmental Statement

The Consolidated Segmental Statement (CSS) has been prepared in accordance with Standard License Condition 19A of the Gas and Electricity Supply Licenses. The CSS published relates to the financial results of Crown Gas and Power in its year ending on **31st July 2023**.

Even though we hold multiple supply licenses (as set out in **Table 1**), a single CSS statement has been published. This will show how our different entities integrate across the Crown Gas and Power group, simplifying the financial information provided and aiding financial transparency.

The information provided in the CSS fully consolidates with our statutory accounts as published on Companies House (**Table 3**). A clear reconciliation table with explanations detailing how items have been reconciled at an entity (or group) level. An adjustments table (**Table 9**) has been provided to aid the reader.

If statutory accounts are not prepared or published, the revenues and profits are reconciled with the audited figures in accordance with Generally Accepted Accounting Principles (GAAP) published in Group accounts.

2.1 Our group structure.

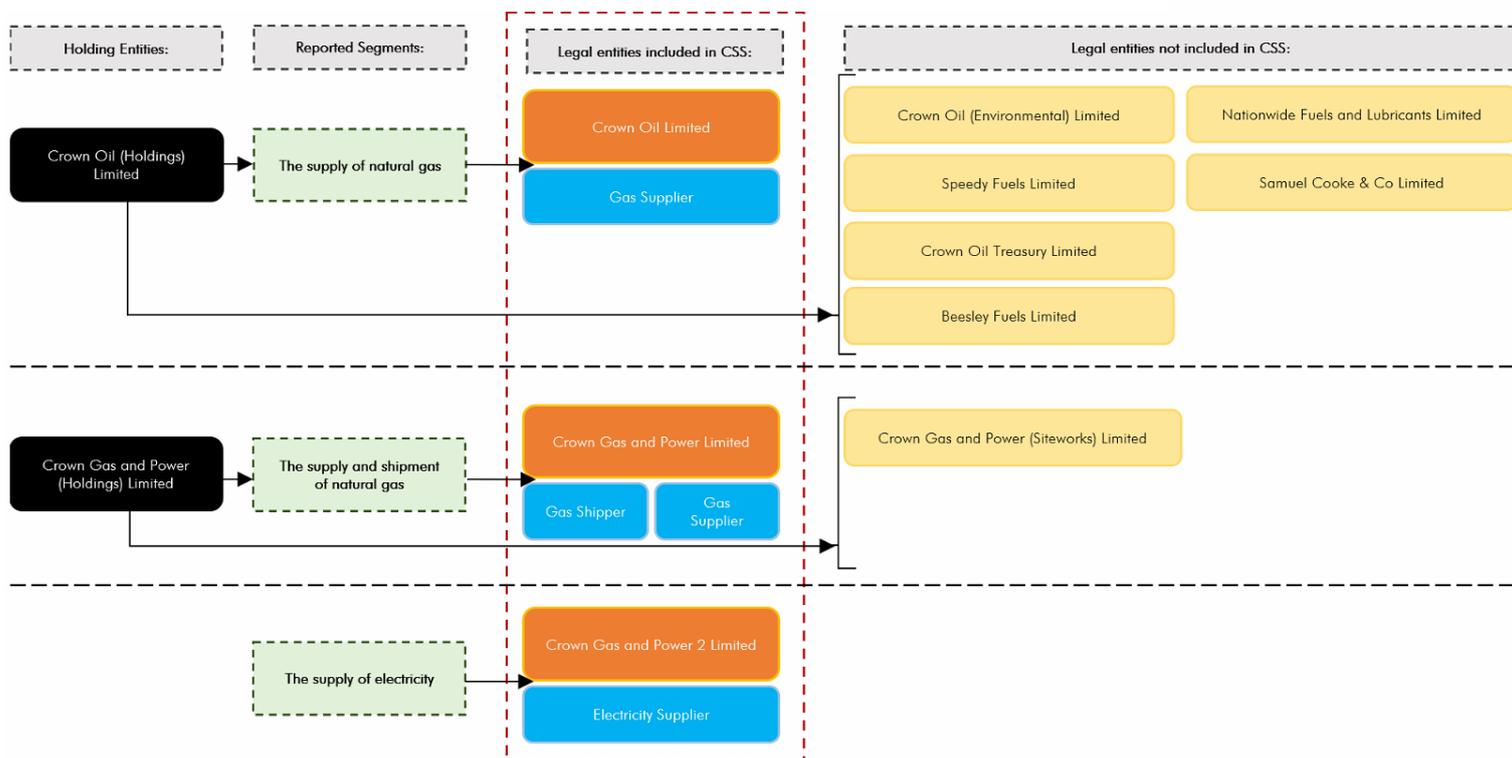
The “Crown Gas and Power Group” structure is summarised in **Figure 1** below. The CSS data has been extracted from the 2023 Accounts as filed by our two Holding companies in addition to Crown Gas and Power 2 Limited (which has no Holding company Affiliate).

We have four individual supply licenses:

- The shipping of natural gas from the national balancing point to customer premises under Crown Gas and Power Limited (“CGP”)
- The supply of natural gas to non-domestic premises under Crown Gas and Power Limited (“CGP”).
- The supply of natural gas to non-domestic premises under Crown Oil Limited which trades under the name of Crown Gas and Power (“CRW”).
- The supply of electricity to non-domestic premises under Crown Gas and Power 2 Limited (“CGP2”).

Figure 1 also shows those legal entities that are excluded from the CSS.

Figure 1 Crown Gas and Power Group Structure



2.2 Our published accounts

Each of our individual supply licenses are held by separate legal entities, each of which has its published accounts filed on Companies House in the following locations:

Table 3 Companies House Accounts

Licensed Entity "Relevant Licensee"	Company Registration Number	Companies House website link
Crown Gas and Power Limited	07980591	https://find-and-update.company-information.service.gov.uk/company/07980591
Crown Gas and Power 2 Limited	11357910	https://find-and-update.company-information.service.gov.uk/company/11357910 Note that the 2023 accounts relate to our first full year of trading and are subject to the small business regime.
Crown Oil Limited (trading as Crown Gas and Power)	01315556	https://find-and-update.company-information.service.gov.uk/company/01315556

2.3 Consolidated Segmental Statement – Year Ending 31st July 2023

The financial results shown in **Table 4** are a consolidated overview of the revenues, weighted average cost of fuels, profits, supply volume and customer numbers across our various supply businesses¹ which hold a supply license after adjustments have been applied. The financial data provided has been taken from our relevant licensed entities and Affiliates financial information for the year ending **31st July 2023**.

Reconciliations of Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Revenue have also been included.

Table 4 Crown Gas and Power Group Consolidated Segmental Statement year ending 31st July 2023 – After Adjustments

Results AFTER adjustments						
	Unit	Electricity Supply		Gas Supply		Aggregate supply business
		Domestic	Non-Domestic	Domestic	Non-Domestic	
		2023	2023	2023	2023	2023
Total Revenue	£M	0.0	0.0	0.0	352.2	352.2
Revenue from the sale of electricity and gas	£M	0.0	0.0	0.0	351.9	351.0
Other revenues	£M	0.0	0.0	0.0	0.3	0.3
Total operating costs	£M	0.0	0.2	0.0	298.9	299.1
Direct fuel costs	£M	0.0	0.0	0.0	249.1	249.1
Direct costs:						
Transportation costs	£M	0.0	0.0	0.0	18.9	18.9
Environmental and social obligation costs	£M	0.0	0.0	0.0	0.0	0.0
Other direct costs	£M	0.0	0.0	0.0	15.6	15.6
Indirect costs	£M	0.0	0.2	0.0	15.3	15.5
EBITDA ²	£M	0.0	-0.1	0.0	53.3	53.1
Depreciation and amortisation	£M	0.0	0.0	0.0	0.1	0.1
EBIT ³	£M	0.0	-0.1	0.0	53.1	53.0
Volume⁴	TWh, m therms	0.0	0.8	0.0	121.1	121.9
WACO E/G⁵	£/MWh, p/th	0.0	0.0	0.0	2.1	2.1

¹ Our supply businesses are listed in **Table 1**.

² This is the earnings before interest, tax, depreciation and amortization and is calculated by subtracting total operating costs from revenue.

³ This is earnings before interest and tax, and is calculated by subtracting total operating costs, depreciation and amortisation from total revenue.

⁴ Volume refers to supplier volume delivered to meter point (i.e. net of losses)

⁵ Weighted average input cost of fuel ("WACO") for Supply of electricity or gas. WACO is calculated as the direct fuel cost per MWh, and covers the wholesale energy cost, the energy element of Reconciliation by Difference costs as well as balancing and shaping costs.

Customer numbers ⁶	000s	0.0	0.0	0.0	30.4	30.4
-------------------------------	------	-----	-----	-----	------	------

Table 5 Crown Gas and Power Group Consolidated Segmental Statement year ending 31st July 2023 – Before Adjustments

Results BEFORE adjustments						
	Unit	Electricity Supply		Gas Supply		Aggregate supply business
		Domestic	Non-Domestic	Domestic	Non-Domestic	
		2023	2023	2023	2023	2023
Total Revenue	£M	0.0	0.0	0.0	742.8	742.9
Revenue from the sale of electricity and gas	£M	0.0	0.0	0.0	351.9	352.0
Other revenues	£M	0.0	0.0	0.0	390.9	390.9 ⁷
Total operating costs	£M	0.0	0.2	0.0	671.3	671.5
Direct fuel costs	£M	0.0	0.0	0.0	621.4 ⁸	621.4
Direct costs:						
Transportation costs	£M	0.0	0.0	0.0	18.9	18.9
Environmental and social obligation costs	£M	0.0	0.0	0.0	0.0	0.0
Other direct costs	£M	0.0	0.0	0.0	15.6	15.7
Indirect costs	£M	0.0	0.2	0.0	15.3	15.5
EBITDA	£M	0.0	-0.1	0.0	71.6	71.4 ⁹
Depreciation and amortisation	£M	0.0	0.0	0.0	0.1	0.1
EBIT	£M	0.0	-0.1	0.0	71.4	71.3 ¹⁰
Volume	TWh, m therms	0.0	0.8	0.0	121.1	122.7
WACO E/G	£/MWh, p/th	0.0	0.0	0.0	2.9	2.9
Customer numbers	000s	0.0	0.0	0.0	30.4	30.4

⁶ Customer numbers refers to the average number of electricity and gas non-domestic meter points (MPANs and MPRNs) during the reporting year. Customer numbers are calculated by adding monthly customer numbers and dividing by 12.

⁷ Other Revenue includes £390.9m relating to the non-licensed activities of Crown Oil Limited i.e. revenue derived from the sale of Oil, Diesel and lubricants

⁸ This includes the cost of sales of £353.6 in relation to non-licensed activities of Crown Oil Limited (i.e. relating to the sale of Oil and Diesel)

⁹ EBITDA includes non-licensed activities relating to Crown Oil Limited

¹⁰ EBIT for Crown Gas and Power Limited (Non-Domestic Gas) includes £300,000 income from Group Undertakings

2.4 Consolidated Segmental Statement – Basis of Preparation

The following information provides the reader with context behind the CSS and, as appropriate, provided segmentation out each license entity as set out in named in **Table 1**. Note that the CSS only captures the energy supply business of a supplier and therefore, we have not provided details on transfer pricing policies and methodologies.

2.4.1 Corporate cost allocations

Our two gas and single electricity businesses operate independently of each other. Where costs are incurred in one business to support the activities of another a recharge will occur. Our electricity business (CGP2) is relatively new compared to our established gas businesses and consequently shares some labour, office space and IT resources. Such costs are re-charged on a cost-to-serve basis, with an appropriate charge made to our electricity business.

2.4.1 Hedging Policy

Our Hedging Policy sets out how we manage volume and price risk. We conduct the majority of our hedging on or around the point of sale to minimise the risks associated with volatility in wholesale energy markets. We do not conduct any trading activity for speculative purposes. Since 2021 our gas business transitioned from a legacy supply arrangement (see the CRW column in **Table 6**) to a new arrangement (see CGP). We are in the process of running off some legacy trades under CRW however gas trading activity since 2021 has been conducted under the 'CGP' arrangements. Given the different trading counterparty arrangements that exist across our licensed supply businesses, we have summarised our approaches to hedging (including who bears the volume risk) in the below **Table 6**.

Table 6 Hedging overview by relevant licensee

CRW (old/discontinued arrangements)	CGP (new/current arrangements)	CGP2
<p>We operate a point of sale based hedging policy.</p> <p>Our shipping counterparty is responsible for shaping and balancing hedges to grid demand.</p> <p>CRW is only exposed to reconciliation charges between grid allocated energy and metered energy.</p> <p>The volume risk is therefore shared between Crown and our former trade counterparty.</p> <p>Hedging for Deemed customers is conducted on or around the time of delivery due to the level of uncertainty regarding customer</p>	<p>We operate a point of sale based hedging policy.</p> <p>Hedges are conducted based upon customers contracted volumes which are combined to achieve volumes sufficiently large enough to hedge.</p> <p>CGP is responsible for balancing our gas requirements. We also carry all volumetric risk.</p> <p>Hedging for Deemed customers is conducted on or around the time of delivery due to the level of uncertainty regarding customer demand and the unknown delivery term.</p>	<p>We operate a point of sale based hedging policy.</p> <p>Hedges are conducted based upon customers contracted volumes which are combined to achieve volumes sufficiently large enough to hedge.</p> <p>CGP2 is responsible for balancing our power requirements. We also carry all volumetric risk.</p> <p>Hedging for Deemed customers is conducted on or around the time of delivery due to the level of uncertainty regarding customer demand and the unknown delivery term.</p>

demand and the unknown delivery term. The trade counterparty (a third party) owns the remaining run-off hedges and delivers the volumes required each day on our behalf.	The hedges are owned and delivered by Crown Gas & Power Limited.	The hedges are owned and delivered by Crown Gas & Power 2 Limited.
---	--	--

2.4.2 Revenues (including other revenue)

With reference to **Table 4**, revenue from the sale of gas and electricity relates to the collection of money that is paid into our business by a non-domestic customer on receipt of a valid gas and/or electricity invoice during the financial year.

Based on a previous meter reading, all invoices provide customers with a quantity of units consumed (estimated or actual) over a stated period during which we are the registered supplier. We make a provision against unbilled revenue where volumes are yet to reach final settlement.

Revenue from the sale of gas and electricity also includes government support under the Energy Bill Relief Scheme paid directly to our business. For the stated financial year, this amounted to a figure of £63,483,097.62 across all of our supply businesses.

For clarity, concerning Crown Oil Limited accounts, total gas supply revenue equates to £31.8 million. The figure is expressed in the statutory accounts relating to “*mains gas supplies*”.¹¹

Other revenue

With reference to **Table 4**, other revenue relates to the following:

Table 7 Other Revenue Details

Crown Gas and Power Limited (CGP)	Crown Oil Limited (CRW)	Crown Gas and Power 2 Limited (CGP2)
Income from shares in group undertaking for CGP of £300,000 (see note 8 of its statutory accounts. For the purpose of this CSS we have classified this as Other Revenue) in Table 4	Due to the scope of the CSS, this figure is set to £0. In reality, it would be more accurate to reflect this value as £390,926,492 relating to the sale and distribution of diesel, oil lubricants and associated services (this value plus the stated revenue would equal the total turnover as stated in note 3 of its statutory accounts).	There is no other revenue to classify.

¹¹See page 19 of the Crown Oil Limited 2023 Statutory Accounts

2.4.3 Direct Fuel Costs

With reference to **Table 4**, this relates to the following:

- The wholesale cost of gas and electricity that we have had to procure to satisfy a customers expected or anticipated demand.
- The costs incurred when we undertake hedging or shaping actions in an effort to keep our gas and electricity portfolios balanced.
- Green gas cost
- The energy element of Unidentified gas (“UIG”)

2.4.4 Transportation Costs

With reference to **Table 4**, this includes the following:

- Gas Capacity charges

Such costs are allocated to the Supply License entity which they relate too. For gas, this is based on a volume consumption (AQ) band and for electricity this is based on a settlement profile class.

2.4.5 Environmental and Social Obligation Costs

With reference to **Table 4**, as a non-domestic business, our environmental and social obligation relate to our electricity business (CGP2) only.

Table 8 Environmental Costs

Environmental item	Allocation methodology
Feed in Tariff	Based on settlement volumes
Renewable Obligation	Based on settlement volumes
Capacity Market	Capacity Market costs are priced into contract rates. For Non-Half Hourly customers this factored against a Profile class and estimated annual consumption values. For Half Hourly customers this is based on historical consumption data and forecasted usage over a contract term.

2.4.1 Other direct costs

With reference to **Table 4**, other direct costs are costs relating to:

- Broker commission
- Electricity Balancing System Use of System (BSUoS) costs
- Transmission Network Use of System charges (TNUoS)
- Distribution System Use of System (DUoS) charges
- Areas with High Electricity Distribution (AAHEDC)

- Contracts for Difference (CfDs)

2.4.1 Indirect costs

With reference to **Table 4**, these are our internal operating costs which include all personnel costs, establishment expenses, general expenses, marketing costs, bad debt (financial costs), central services costs, legal costs and all metering and data costs. We have no cost allocation for R&D or Innovation costs for the period.

2.4.1 EBITDA/EBIT

With reference to **Table 4**, depreciation and amortisation costs' are allocated to the relevant supply business based on the Depreciation/Amortisation policies stated in our accounting policies. For the purposes of the CSS, for CGP, the **£300,000** figure relating to income from shares in group undertaking has been allocated to Other Revenue.

2.4.1 WACO

The weighted average cost of procuring electricity of gas means the Direct Fuel Costs line divided by the Volume line, this is shown as a £/MWh for electricity or p/therm for gas.

2.4.1 Volume

"Volume" is the volume of Gas or Electricity delivered to non-domestic customers as measured at a meter point net of any losses.

2.4.2 Treatment of Joint Ventures and Associates

This is not applicable to our supply businesses.

2.4.1 Adjustments

The key differences relating to **Table 5** (before adjustment) and **Table 4** (after adjustment) relate to the transparency of figures relating to gas supply within our Crown Oil Limited business. Crown Oil Limited accounts predominantly reflect the sale of oil, diesel and lubricants with revenues generated from the sale of mains gas (i.e supply licensed activities) forming a relatively small proportion of its total revenue. As a result, the financials relating to the supply licensed activities of our supply business become distorted. We therefore included the following adjustment table (**Table 9**) which aims to help the reader understand what costs are directly attributed to the sale of oil, diesel and lubricants rather than supply licensed activities. We have subsequently stripped out the revenue and costs associated with these items for the purposes of **Table 4**, which enables all supply licensed activities across our business to be directly comparable and consolidated.

Table 9 CSS Adjustment Table

Group Level Financials									
	Unit	Electricity Supply		Gas Supply Licensees			Total Gas Supply Activities Only CGP + CRW	Aggregated Supply Business For CSS ("After") Statement	Notes
		Domestic	Crown Gas and Power 2 Ltd Non-Domestic	Domestic	Crown Gas and Power Ltd	Crown Oil Limited			
		2023	2023	2023	2023	2023			
Total Revenue	£M	0	0.0	0	320.4	422.7	352.2	352.2	
Revenue from sale of electricity and gas	£M	0.0	0.0	0.0	320.1	31.8	351.9	351.9	See note 1
Other revenues in scope of supply licensed activities	£M	0	0.0	0	0.3	0.0	0.3	0.3	See note 2
Other revenue from the sale of Oil and Diesel (Crown Oil Ltd only)			0.0		0.0	390.9	0.0	0.0	See note 3
Total operating costs	£M		0.2	0	267.9	403.4	298.9	299.1	See note 4
Direct fuel costs	£M	0.0	0.0	0	225.0	24.1	249.1	249.1	See note 4
Direct costs:									
Transportation costs	£M	0.0	0.0	0	18.9	0.0	18.9	18.9	See note 4
Environmental and social obligation costs	£M	0.0	0.0	0	0.0	0.0	0.0	0.0	See note 4
Other direct costs	£M	0.0	0.0	0	14.4	1.3	15.6	15.6	See note 4
Indirect costs	£M	0.0	0.2	0	9.6	5.7	15.3	15.5	See note 4
Costs relating to the Sale of Oil and Diesel:	£M	0	0.0	0	0.0	372.3	0.0	0.0	See note 5
EBITDA including Oil/Diesel	£M	0	0.0	0	0.0	19.3	0.0	0.0	
Less Operating Profit from non-licensed activities:	£M	0	0.0	0	0.0	-18.6	0.0	0.0	See note 6
EBITDA	£M	0	-0.1	0	52.5	0.7	53.3	53.1	See note 7

Depreciation and amortisation	£M	0	0.0		0.1	0.0	0.1	0.1	See note 8
EBIT	£M	0	-0.1	0	52.4	0.7	53.1	53.0	
Volume	TWh, m therms	0	0.8	0	93.3	27.8	121.1	121.9	
Weighted Average Cost of Electricity/Gas	£/MWh, p/th	0	0.0	0	2.4	0.9	2.1	2.9	
Customer numbers	000s	0	0.0	0	24.7	5.7	30.4	30.4	

Note 1:	For Crown Oil the turnover relating to gas supply is shown as £31.8 million. This is shown on Page 19 of the Statutory accounts
Note 2:	For CGP we have placed £300,000 to Other Revenues (previously in EBIT)
Note 3:	The Crown Oil Limited accounts show a total turnover of £422.7m. When gas supply revenue is deducted, the residual "Other Revenue" total is £390.9m which relates to non-licensed activities. Further, the value expressed in the Total Aggregated Supply Business column explicitly relates to all supply licensed activities as illustrated in Figure 1. For the avoidance of any doubt, we have not brought forward the £390.9m "Other Revenue" relating to the sale of Diesel and Oil from the Crown Oil business.
Note 4:	Relates to costs attributed to supply licensed activities only
Note 5:	The purpose of this is to show the reader the costs relating to Crown Oil's non-licensed activities. As per the Statutory Accounts, note 4 shows that Crown Oil have an EBITDA of £17.6m. Combined with Depreciation and Amortisation of £1.69m (which on page 19 is the sum of "Depreciation of Owned Tangible Assets" and "Amortisation of intangible assets"), we deduct a total of £19.29m from total Turnover of £422.7m to return £403.41m. We then deduct the costs related to supply licensed activities (i.e. £31.1m) from this figure to arrive £372.3m
Note 6:	If you were to take the £-18.6m and add the EBITDA of 0.7m a total of £19.29m would be achieved, which is reference back in Note 5.
Note 7:	For Crown Oil Limited this value relates to supply licensed activities only, i.e. total gas revenue £31.8m less Licensed Activity Supply Costs of £31.1m
Note 8:	For Crown Oil Limited supply activities this value is nil due to depreciation being account for in non-licensed activities.