



# **SIDN Annual Report 2000**



## **Directors, managers and officers**

### **Management Board**

B Nederkoorn, Chair  
Dr RJT Lindgreen, Secretary  
PAM Oude Ophuis, Treasurer  
P Beertema  
PW Morée  
NA Vermeulen  
JR Koolhaas

### **Council of Participants**

H Bennink, Chair

### **Complaints and Appeals Body**

GJ van de Graaf, Chair  
Meester PEC Ancion-Kors, Director of the Advertising Code Foundation  
Mr RMR van Leeuwen, lawyer, Trenité Van Doorne  
JCM van Oers, entrepreneur, KDN Holdings BV, MDS BV  
Mr HJM Gardeniers, entrepreneur, H Gardeniers Beheer BV  
RJ Clason, Secretary

### **Office**

Meester B Boswinkel, Director  
J Akkerhuis, Technical Adviser  
C Driessen, Office Manager  
H Kroneman, Secretary

### **External advisors**

BelksmaSBadvies  
Houthoff Buruma  
Itude Technology BV  
Kema NV  
PriceWaterhouseCoopers NV  
Q-Ray  
Tunix Open Systems Consultants BV  
Van Luyken Communicatie Adviseurs



## Introduction

The year under review was a turbulent one for the Foundation for Internet Domain Registration in the Netherlands (SIDN). The number of registered domain names rose during the year, from 157,000 on 1 January 2000 to more than 500,000 by 31 December. The number of participants also rose, from 500 at the start of the year to more than 930 at the end. The foundation's total income was NLG 15,796,024 and its expenditure NLG 12,261,821. A positive after-tax result of NLG 2,412,630 was recorded.

In the year under review, the new domain name registration system DRS2 was brought on line. Several long-running management projects were completed in the year 2000. On 15 November, both new Regulations on the Registration of Domain Names (NL) and new Regulations for Participants came into effect. Revised regulations were needed in connection with the introduction of third-level domain names, the cessation of checks on the nature of domain names in registration applications and expansion of the Council of Participants to include members with a purely advisory role.

During 2000, the Appeals Board ruled on sixty-five cases. In twenty-eight of these cases, the applicant was allowed to register the domain name in question. In February 2000, Appeals Board Chair Ms G Roethof stepped down from the Board. Mr GJ van de Graaf was subsequently elected to succeed her. Mr HJM Gardeniers was appointed deputy member of the Board during the course of the year.

The Council of Participants (CoP) met twice in 2000, under the chairmanship of Mr H Bennink. In November, membership of the CoP was opened up to participants with advisory rights only.

The Management Board met four times in 2000. Following his nomination by the Council of Participants, Mr PAM Oude Ophuis was reappointed to the Management Board for a period of three years.

At the end of the year under review, the membership of the Management Board was as follows (with the year in which term of office ends in brackets):

- Boudewijn Nederkoorn (2001)
- Ted Lindgreen (2001)
- Peter Oude Ophuis (2003)
- Piet Beertema (2002)
- Peter Morée (2002)
- Nick Vermeulen (2001)
- Jasper Koolhaas (2001)



## Review of the year 2000

### Day-to-day operations

In the year 2000, domain names continued to gain in social and economic significance. One sign of this development has been the growth in the number of registered domain names. Over the course of the year, the number of registered domain names climbed from 157,144 to stand at 532,596 on 31 December 2000. The greatest monthly rise – in both absolute and relative terms – was seen in May. In that month, a total of 59,538 new domain names were registered – representing 17 per cent growth. Since summer 2000, that rate of growth has stabilised; a similar pattern has been apparent in neighbouring countries.

Some 324,448 of the domain names registered on 31 December were not the holder's first domain name. In the course of the year, the percentage of all names accounted for by such names rose from 39 per cent (1 January 2000) to 60 per cent (31 December 2000). The number of register transactions (transfers, relocations and name server changes) processed by SIDN was roughly 621,000. The number of participants went up from five hundred at the start of the year under to 930 at the end of 2000. The new website, which came on line on 1 May, received more than 1.2 million hits.

Growing community interest in this field was also reflected in the level of coverage that the media gave, both to domain names and to SIDN. Furthermore, the amount and intensity of the legal manoeuvring associated with domain names increased during the year. There has been an upsurge in legal domain-name-related legal activity in recent years, following the quick-fire registration of about 45,000 domain names for a single registrant, including numerous names that corresponded to well-known brands and/or public figures. The names were ultimately removed from the register because the participant that managed the registrations failed to meet its financial obligations towards SIDN. The vast majority (more than 44,000) of the 45,000 domain names in question were re-released for registration in September 2000. The turnover figures for the year under review discount the 45,000 controversial registrations. Partly in response to this incident, SIDN has tightened up its debt collection policy. In addition, SIDN has joined forces with the Catholic University of Brabant to publish jurisprudence deriving from domain name disputes (see: [www.domeinnaam-jurisprudentie.nl](http://www.domeinnaam-jurisprudentie.nl)).

### The Appeals Board

Articles 8 and 11 of the Regulations on the Registration of Domain Names (NL), which were in force until 15 November 2000, required SIDN to refuse to issue (or to withdraw) a domain name under certain circumstances. If SIDN exercised its authority in this regard, the applicant could object and, where relevant, appeal against the decision. Moreover, until 15 November 2000, article 8.1.i of the regulations allowed an interested party to request the unblocking of names whose registration had been denied. It was also possible to appeal to the Appeals Board against any denial of such a request by SIDN. Before an appeal could be considered, the appellant had to pay a charge of NLG 330.

In January 2000, the Appeals Board made its first ruling, which concerned the domain name 'merkenbureau.nl'. In the course of the year, a total of sixty-five appeals were made to the Board, all relating to the denial of unblocking requests. In twenty-eight of the cases, the Board ruled that the applicant should be allowed to register the relevant name. All Appeals Board decisions are published in full on SIDN's website.

In February, Appeals Board Chair Ms G Roethof stepped down from the Board. Mr GJ van de Graaf was subsequently elected to succeed her. Mr HJM Gardeniers was appointed deputy member of the Board during the course of the year. In addition, a lawyer was added to the Appeals Board support staff. In the year under review, the cost of maintaining the Appeals Board was NLG 133,582, which works out at NLG 2,055.11 per decision.



With the introduction of the new Regulations on the Registration of Domain Names (NL), the right to appeal against the rejection of an application to register a domain name was withdrawn. The other responsibilities of the Appeals Board were taken over by the new Complaints & Appeals Board. The Appeals Board will, however, continue to consider all appeals made on the basis of the old regulations.

### **Written by GJ van de Graaf, Appeals Board Chair**

As in the Internet world generally, developments relating to the Appeals Board have moved quickly. The Board was set up in the middle of 1999 and got into a good working rhythm in the course of 2000, only to find as the year wore on that its role was rendered outmoded by moves to liberalise the registration of domain names. The Appeals Board will make its last rulings in spring 2001 before being succeeded by a new body.

Established under the now superseded regulations, the function of the Appeals Board is to rule on the validity of decisions made by SIDN. It does so in cases where SIDN has declined to register a domain name, as provided for in article 8.1 of the regulations, or where SIDN proposes to delete a domain name from the Register (in which case, no appeal is ever made to the Appeals Board).

By the time the Appeals Board is disbanded, it will have ruled on more than a hundred cases. The twenty sessions needed to arrive at the Board's rulings will therefore have been highly productive.

Each session follows a fixed pattern: the appellant explains the basis of the appeal, SIDN defends its original decision and the two sides present arguments and counter arguments. The Board members then put any questions that they may have and the proceedings are concluded. In some cases, the Board members subsequently engage in a lively debate regarding the merits of the arguments presented to them before arriving at a decision; in other cases, consensus is easily reached. A ruling is handed down in writing a few weeks after the session. All the Board's rulings are published on SIDN's website. The Board's rulings are always formulated with the utmost care. They are also closely scrutinised by those active in this field of law, and frequently cited in the context of later cases. Many appeals turn on the familiar question of whether an applicant has a valid claim to a domain name with arguably general connotations. SIDN will have rejected an application on the grounds that the name's general connotations make its registration potentially misleading, and the appellant will be disputing the contention underpinning this decision. The Appeals Board defined a clear precedent for such cases with its very first ruling, concerning the domain name 'merkenbureau.nl'. The extent to which a domain name has general connotations is often the subject of lengthy debate. The Appeals Board also frequently finds itself asked to settle legal arguments regarding the list of domain names that are not available for registration and regarding the procedures associated with blocked names.

The year 2000 was therefore a lively one for the Appeals Board.

### **Council of Participants**

In the year under review, SIDN consulted its Council of Participants closely on a number of matters. These included revision of Regulations for Participants and the Regulations on the Registration of Domain Names (NL). Amendment of the Regulations for Participants – with effect from 15 November 2000 – was of particular significance for the CoP itself. The new regulations allow anyone with an interest in the .nl domain to join the CoP as a category II participant. A category II participant has the same advisory rights as a category I participant, but the latter is also able to register domain names. Other topics that the Council of Participants was also consulted about included the debt collection policy and SIDN's proposal regarding registry fees for 2001, which was unanimously endorsed.



With a view to promoting interaction with the CoP, SIDN's Management Board asked the CoP to create a number of specialist advisory groups from amongst its members to report on major issues on the CoP's behalf.

**Written by H Bennink, Chair of the Council of Participants**

We may look back on the last year with satisfaction. The number of registered domain names passed the half-million mark and the number of participants almost reached four figures. These numbers suggest that the business community's demand for .nl domain names therefore remains high. Meanwhile, media interest in the phenomenon of the domain name continues to grow.

However, the year 2000 was not all plain sailing. In the summer, SIDN had some difficulties with a new participant. Amid considerable fanfare, the newcomer proceeded to interpret all manner of statutes and regulations as it saw fit and to register tens of thousands of brand names as domain names. Needless to say, the success of this strategy was short-lived, but SIDN was left with the bill. The incident therefore prompted a debate about the financial conditions under which participants may register domain names.

The demand for .nl domain names is high not only in the business community, but also amongst private individuals. It is increasingly apparent that many ordinary people would like to have their own domain names. The current option of registering a third-level domain name does not appear to really satisfy this demand.

At the time of writing, a CoP subcommittee was preparing a proposal to the Management Board regarding definition of the conditions under which private individuals would also be able to register proper second-level domain names. In the context of any such move, particular attention would need to be given to the privacy implications and the regulations in neighbouring countries.

As the social significance of domain names increases, so too does political interest in the field. During the year under review, various politicians have commented on how domain names should be assigned. These developments emphasise the importance of effective communication and of presenting a clear image to the outside world.

Over the course of last year, the .nl domain name has become more prominent within the community. In 2001, we participants must work with SIDN's Management Board to confirm and where possible consolidate the position of the domain name. To this end, it is important that every participant plays its part. I therefore hope to see all participants represented at the next general meeting of the Council of Participants!



## **New domain registration system**

On 15 May 2000, SIDN introduced a new domain name registration system (DRS2). Before bringing the system on line, SIDN made sure that participants were fully informed about how the new system was to work. Information meetings were organised and a DRS2 user's manual was distributed to participants.

Despite a few teething problems with the new system, SIDN can now justifiably say that DRS2 has resulted in a substantial improvement, both in the volume of applications and transactions that can be processed and in the efficiency of processing operations. With DRS2, a larger number of applications and amendment requests can be processed in a shorter space of time and using fewer people than used to be the case. At the same time, the reliability of the registration process has increased significantly. Before launching DRS2, SIDN commissioned PricewaterhouseCoopers to audit the reliability of the registration process. Moreover, the teething problems were all resolved in the course of the year under review.

In preparation for the introduction of third-level domain names, a second domain name registration system (DRS-P) was designed, built and brought into use during the year under review. DRS-P is broadly the same as DRS2, but is specially adapted to reflect the differences between the conditions that govern the registration third-level domain names and those that govern the registration of domain names by businesses and other organisations. The entire cost of developing and building DRS-P has been set off against the result for the year under review.

### **The millennium year, written by M Groeneweg (KEMA)**

The year began with the arrival of the new millennium. Immediately after 00:00 hours, we checked that the system was working properly. Having been reassured that this was indeed the case, I was able to wish Leo Willems at Tunix (the company that had offered to act as stand-by) a virtual happy New Year. We entered the first year of the third millennium full of confidence!

The first half of 2000 was a hectic period for operational and technical departments alike, as they continued to work with the old registration system, DRS1. Because the system was designed to cope with a mere 100,000 domain names, nervousness about its ability to cope increased week by week, despite all the efforts made by Tunix and KEMA. More and more operators had to be deployed to keep up with the number of processing operations. We were literally working at the very limits of the system!

The year under review saw the continuation of a trend that emerged at the end of 1999: the pre-judgement attachment of domain names. Numerous names were attached, which necessitated the modification of DRS1. Changes were also immediately made to the DRS2 software to enable the enforcement of attachment writs.

A great deal of work went into the launch of DRS2. The DRS1 database had to be converted to DRS2 without the loss of any information. The systems also had to be made operationally ready and everything had to be done in the shortest possible time frame.

DRS2 entered production use on 1 May: the start of two extremely turbulent weeks. The new e-mail forms prompted a flood of telephone and e-mail enquiries, all requiring responses. Of course the new system had a number of teething problems: issues that had somehow not been picked up before the launch, despite all the acceptance testing. Surprisingly, we ran into problems with Oracle, which had a severe impact on system performance. Supported by Oracle, KEMA and Q-Ray worked for days on end to resolve these issues. Finally, the installation of a newly released patch appeared to bring the system performance up to an acceptable level. It gives me great pleasure to report that, despite all the early problems, more than 70,000 transactions were processed in May! We have also succeeded in cutting the processing time for applications and requests of all types to one to two days.



Before we had recovered from all the commotion surrounding DRS2, we encountered a new problem, in the form of a non-paying participant. The action taken to resolve this problem, which included blocking all the domain names managed by the participant in question, was divided into three phases. The last phase involved re-releasing some of the blocked domain names. The re-release of nearly 45,000 domain names began at midnight, when one could be forgiven for imagining oneself the only person still at work. To my amazement, a number of participants were in fact still active and immediately started applying to register some of the newly released names. September saw the start of the third-level domain names project.

We managed this project very tightly, drawing to a large extent on the experience gained with the introduction of DRS2. Phase 1 of DRS-P was accordingly delivered on time and within budget on 15 November. The full system came on line in January 2001.

In the autumn of 2000, the hardware running DRS2 developed problems. Despite energetic support from the supplier, it was several weeks before a proper, permanent solution was found. Since then, the service availability figures have been very positive: by the end of December, we were up to 99.2 per cent!





## **Regulatory changes, the media and the Dutch government**

### **Regulatory changes**

On 15 November 2000, new regulations came into force. With effect from that date, SIDN ceased to check the nature of domain names in registration applications, it became possible for private individuals to be registered as the holders of third-level domain name and the way was opened for any interested party that wished to be involved in the formulation of SIDN's policy, but not to register domain names, to join the Council of Participants. Another change was creation of the universal right to complain to the Complaints & Appeals Board regarding the issue of a domain name that is felt to be unseemly. The new regulations are the product of a thorough consultation process that began in 1999 and involved seeking the views of many interested parties, including the Dutch government. A report on the consultation process and the background to the various changes made to the regulations are available from the foundation's website.

Revision of the Regulations on the Registration of Domain Names (NL) also brought an end to the special status of certain groups within the community. Until 15 November, certain domain names had been reserved for registration by the groups in question.

### **SIDN in the media**

During the year 2000, the media took a keen interest in the activities of SIDN. In January 2000, the NOS's evening news became the first television programme to run a story on domain names. The report broadcast by NOS focused on the liberalisation of domain name registration. A number of other items subsequently appeared on TV. During the year, various radio programmes also gave coverage to the phenomenon of the domain name and to SIDN in particular. The number of approaches from the (printed) media grew in the year under review, in connection with both national and international developments.

### **Relations between SIDN and the Government**

In its 1998 policy document *Legislation for the Electronic Highway*, the Dutch government announced that SIDN's self-regulation arrangements should be assessed against the criteria for self-regulation set out in the document. In April of the year under review, the Directorate-General for Telecommunications and Post (DGTP) at the Ministry of Transport, Public Works and Water Management duly began its review. In the context of this review, SIDN held discussions with DGTP on several occasions during the course of the year. SIDN also consulted the government about the amendment of its regulations.

### **Self-regulation: Freedom with Obligations**

In October 2000, SIDN organised its third congress at the Nieuwe Kerk in The Hague, under the title Freedom with Obligations.

The congress was attended by 140 people from all sectors of the Internet community, including participants, politicians, lawyers and representatives of the printed media and the business world.

Opening the congress was Mr WJ Deetman, the Mayor of The Hague.

*"In fact, the registration of domain names is a field of development from which the government has thus far stood back. In fact, what we have here (and this is something of an understatement) is a development that has originated within the community itself, in the context of which private initiatives have been taken and regulatory arrangements have been made. I would suggest that that is not an insignificant matter. However, with this new sort of phenomenon, I think it is important – with so much uncertainty regarding the use of what is or is not possible – that society is allowed to decide for itself what form of domain registration is most appropriate for the activity. The reason being that the registration of a domain name will inevitably*



*lead to the use of that name in various ways, some of which will go beyond anything we can currently imagine. I believe that it is vital that we allow scope for the emergence of such uses, although I would not exclude the possibility that certain matters should at some point be put on a firm legal basis."*

At the congress, speakers examined the relative merits of self-regulation and external regulation from various angles. The Congress Panel was made up of Meester B Westerbrink (Clifford Chance), Dr NANM van Eijk (IvIR), Dr GAAM Broesterhuizen (DGTP), Dr O Cherribi (VVD member of parliament) and PW Morée (SIDN). A lively debate took place, chaired by SIDN's chairperson, B Nederkoorn.



## **International developments**

### **ICANN**

In the year under review the International Corporation for Assigned Numbers and Names (ICANN) saw further development. It appears that ICANN is able to shape the global development of the Internet on a self-regulatory basis, which is especially true of its global policy regarding domain names. To express its support of the ICANN process, SIDN increased its financial contribution to ICANN from USD 25,000 to USD 100,000 in the year under review. Moreover, SIDN staff members were directly involved in both policy issues and technical developments relating to domain names.

### **CENTR**

In the year 2000 SIDN was closely involved in further expansion of the activities of the Council for European Top Level Registries (CENTR). Besides participation in the General Assembly, SIDN made a contribution that enabled a number of working groups to make great progress. During the year under review the Legal & Regulatory Working Group completed the Guidelines for Best Practices. Moreover, a number of documents were prepared that serve as models for all country code Top Level Domain registries. In the technical field, SIDN played a leading role in the further development of DNSsec, a method to improve reliability of the Internet. SIDN's financial contribution to CENTR was EUR 30,000 in the year under review.



## Annual accounts 2000

All amounts are stated in Dutch Guilders (NLG).

### Balance Sheet as per 31 December 2000

		2000		1999
<b>Fixed assets</b>				
Tangible fixed assets				
Machinery and equipment		293,141		431,995
<b>Current assets</b>				
<i>Receivables</i>				
Debtors	22,814		588	
Receivables (rent deposit)	11,515		11,515	
Prepayments and accrued income	2,367,865		2,246,869	
		2,402,194		2,258,972
Liquid assets		6,355,715		2,735,765
		<b>9,051,050</b>		<b>5,426,732</b>

		2000		1999
<b>Equity capital</b>				
General reserve	3,559,167		2,038,547	
<b>Annual result</b>	<b>2,412,630</b>		<b>1,520,620</b>	
		5,971,797		3,559,167
<b>Provisions</b>				
Provisions for special operating risks		164,830		300,000
<b>Short-term liabilities</b>				
Liabilities to suppliers	2,710,683		1,204,496	
Taxes	55,005		103,978	
Other liabilities	148,735		259,091	
		2,914,423		1,567,565
		<b>9,051,050</b>		<b>5,426,732</b>

### Profit and loss account 2000

		2000		1999
<b>Net turnover</b>		15,796,024		7,774,935
<b>Expenditure</b>				
Operator costs	7,588,076		3,985,947	
Personnel costs	587,115		300,443	
Depreciation of tangible fixed assets	172,957		92,649	
Other operating expenses	3,913,673		1,180,932	
		12,261,821		5,559,971
<b>Operating result</b>		3,534,203		2,214,964
Interest received		168,434		88,297
Result from ordinary operations before taxation		3,702,637		2,303,261
Taxes		1,290,007		782,641
<b>Net result</b>		<b>2,412,630</b>		<b>1,520,620</b>



## **General Explanatory Notes**

### **General**

The Foundation for Internet Domain Registration in the Netherlands was established on 30 January 1996.

The foundation's objectives can be described as follows:

- responsible issue and registration of domain names in Internet addresses in the Netherlands, including coordination and adjustment thereof on a national and international level, at cost-neutral rates, at the request of providers for parties connected to the Internet;
- promotion of cooperation between service providers in the area of Internet domain registration on a national and international level;
- all matters directly or indirectly related or conducive thereto, in the broadest sense of the word.

### **Principles of Valuation and Determination of Result**

#### *General*

The principles of valuation are explained hereunder in the explanatory notes to the separate balance sheet items; if there are no notes, valuation was done at nominal value.

#### **Determination of Result**

All items in the profit and loss account are accounted for in the amounts to be attributed to the year under review.

#### *Taxes*

The company tax owed is calculated on the basis of the result, taking into account exempted profit constituents. The difference between the taxes thus calculated and the taxes payable in the short term is expressed in the provision for latent tax liabilities. This provision is calculated at the applicable rate.



## Notes on the Balance Sheet

### Tangible assets

Tangible assets are valued at historical cost, less linear depreciation over time. The following depreciation rates are applied:

- inventory 33%
- computer hardware and software 33%

The mutations in tangible assets can be specified as follows:

<b>Machinery and equipment</b>	
1 January 2000	598,927
Purchase price	166,932
<b>Book value</b>	<b>431,995</b>
<b>Movement</b>	
Investments	34,103
Depreciation	-172,957
	-138,854
<b>Position as at 31 December 2000</b>	
Purchase price	633,030
Cumulative depreciation	339,889
<b>Book value</b>	<b>293,141</b>

### Receivables

#### *Prepayments and accrued income*

The prepayments and accrued income may be itemised as follows:

	2000	1999
Interest receivable fourth quarter of previous financial year	51,512	20,617
Billable for previous year's fourth-quarter register transactions	2,304,136	2,188,035
Advance payments	12,217	38,217
	2,367,865	2,246,869

### Equity capital

#### *General reserve*

The movement in the general reserve may be itemised as follows:

	1999	1999
Position as at 1 January	3,559,167	2,038,547
Appropriation of result	2,412,630	1,520,620
Position as at 31 December	5,971,797	3,559,167



## Provisions

### Provisions for special operating risks

Provision has been made for expenditure on legal services in connection with a number of principle-defining legal procedures. In 2000, a sum of NLG 135,170 was reserved for this purpose. The foundation's Management Board anticipates that this provision will prove necessary and sufficient. As a result of changes to the annual reporting guidelines, any unspent portion of this provision will be released at the end of 2001.

### *Taxes and social security contributions*

The taxes may be itemised as follows:

	2000	1999
Turnover tax	-792,886	-384,643
Corporation tax	782,560	433,690
Wages tax	43,121	29,558
Social security contributions	22,210	25,373
Position as at 31 December	55,005	103,978

### *Other liabilities*

The other liabilities may be itemised as follows:

	2000	1999
Set aside for holiday pay	16,555	16,555
Net pay/salary savings contributions	6,944	8,285
Expenses arising out of development of DSRP/DRS2	75,775	195,550
Forward payments received	10,370	11,621
Other liabilities	38,731	27,080
	148,735	259,091

## Off-balance sheet commitments

### *Rental commitments*

The foundation has a property rental contract, under which it is committed to pay third parties a total of roughly NLG 23,000 a year. The contract has a term of six months and is subject to tacit renewal.

### *Lease commitments*

The foundation has various vehicle lease contracts, under which it is committed to pay third parties a total of roughly NLG 34,000 a year.

### **Purchase commitments**

The foundation has a long-term contract with a supplier of operator services, covering the period up to 31 December 2002. The amount payable for the services received is evaluated every six months. The liability for the first six months of 2001 is roughly NLG 450,000 per month.



## Notes on the profit and loss account

### Net turnover

The net turnover was realised entirely within the Netherlands and may be itemised as follows:

	2000	1999
Participants' contributions	1,280,800	717,700
New domain names: initial registration fees	5,745,144	3,071,610
Existing domain names: registration maintenance fees	7,810,218	3,608,405
Existing domain names: register amendment fees	919,972	375,060
Other income	39,890	2,160
	<b>15,796,024</b>	<b>7,774,935</b>

### Personnel costs

The personnel costs may be itemised as follows:

	2000	1999
Wages and salaries	398,832	207,612
Social security contributions	60,963	47,323
Outside staff costs	27,482	0
Other personnel costs	99,838	32,006
	<b>587,115</b>	<b>286,941</b>

### Other operating expenses

The other operating expenses may be itemised as follows:

	2000	1999
System costs	2,406,839	644,589
Quality	261,500	0
Equipment maintenance costs	208,994	11,199
Accommodation costs	23,677	19,944
Office costs	80,486	21,472
Management costs	18,254	6,921
Appeals Board expenses	133,582	15,112
Memberships and affiliations	246,067	119,611
Consultancy costs	56,142	75,745
Public information costs travel and other expenses	355,862	242,240
Travel and other expenses	7,810,218	3,608,405
International collaboration	73,159	13,502
Other expenditure	49,111	24,099
	<b>3,913,673</b>	<b>1,194,434</b>





### **Other information**

#### *Workforce*

At the close of 2000, the Foundation for Internet Domain Registration in the Netherlands employed four people in service (1999: three).

#### *Directors' emoluments*

The members of the Management Board received no emoluments in 2000.



## **Auditor's Report**

### **Assignment**

We have audited the 2000 annual accounts of the Foundation for Internet Domain Registration in the Netherlands at Amsterdam. The annual accounts were prepared at the responsibility of the foundation board. It is our responsibility to issue an auditor's report relating to the annual accounts.

### **Activities**

Our audit was conducted in accordance with generally accepted auditing guidelines. These guidelines require our audit to be scheduled and performed in such a manner as to provide adequate certainty that the annual accounts do not contain any significant errors.

An audit includes an examination by means of partial observations of information in support of the financial figures and the explanatory notes to the annual accounts. Moreover, an audit comprises an assessment of the financial reporting principles used in the preparation of the annual accounts and of important estimates made by the operational management for this purpose, as well as an evaluation of the overall impression of the annual accounts. We are of the opinion that our audit provides a sound basis for our judgment.

### **Judgment**

In our judgment the annual accounts are a true reflection of the size and composition of the capital and reserves on 31 December 2000 and of the result achieved in 2000 in accordance with generally accepted financial reporting principles; hence, they are in compliance with legal requirements regarding the annual accounts as included in Titel 9 BW2.

Arnhem, 12 February 2001

PricewaterhouseCoopers N.V.

## **Other information**

### **Profit appropriation according to Articles of Association**

Article 3, subsection 1, of the Articles of Association reads:

- The foundation's capital is made up of all contributions, subsidies, donations, bequests and testamentary dispositions received, as well as other assets.

### **Result appropriation**

The board decided to add the result achieved in 1998 to the general reserve