



Annual Report 2001



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Directors, managers and officers

Management Board

H. Kraaijenbrink, Chair (from 21 June 2001)

B. Nederkoorn, Chair (to 21 June 2001)

R.J.T. Lindgreen, Secretary

P.A.M. Oude Ophuis, Treasurer

P. Beertema

P. Follon

P.W. Morée

A. Regout

Council of Participants

H. Bennink, Chair

Office

B.J. Boswinkel, Director

J. Akkerhuis, Technical Advisor

B.J. Geerlings, Public Relations Officer

C.A.M. Jongerius, Relation Manager

J.F. Kroneman, Office Manager

J. Melein, Chief Technical Officer

I. Temming, Secretary

W.A. Belksma (external communication consultant)

Complaints and Appeals Body

Professor A. Oskamp, Chair

J.M. Gardeniers, Secretary

R. Eissens

A. Meijboom

J.C.M. van Oers

Appeals Body

G.J. van de Graaf, Chair

R.J. Clason, Secretary

P.E.C. Ancion-Kors

J.M. Gardeniers

R.M.R. van Leeuwen

J.C.M. van Oers



Introduction

Stabilisation and professionalisation are the two words that best characterise the activities of the Stichting Internet Domeinregistratie Nederland (the Foundation for Internet Domain Registration in the Netherlands, SIDN) in the year 2001. The number of '.nl' domain names registered did not rise as sharply in 2001 as it had in 2000; by 31 December 2001 there were 684,639 registered names, compared with 532,596 at the start of the year. The number of participants rose from 930 to more than 1200 by the close of the year under review. Registration fees were reduced with effect from 1 January 2001. Fees were also expressed in euros from the start of the year. Gross income during 2001 was EUR 7,317,114, while overall expenditure was EUR 4,911,804. After taxation, a positive result of EUR 1,654,406 was recorded.

The year under review saw two major developments in the Netherlands. On 6 July, the cabinet memorandum entitled 'Assessment of the Operating Practices of SIDN' was published – its central conclusion being that SIDN was functioning as might be expected of an organisation with a public role. Meanwhile, between April and November, the local Internet community was consulted regarding four themes connected with the registration of '.nl' domain names. At the end of this consultation process, the independent Domain Name Debate Project Team submitted its recommendations to SIDN, the government and the local Internet community in November 2001.

On the international stage, SIDN was active in various forums. During the year under review, Mr B. Boswinkel was elected to the executive committee of CENTR. In addition, several members of the SIDN Office staff presented papers at international gatherings.

In July 2001, the Complaints and Appeals Body was established. The new body did not have any cases referred to it during the year, however. The old Appeals Body was still active in 2001. It handled twenty-three cases, relating to the period prior to 15 November 2000.

Professionalisation of the SIDN Office continued in 2001. In this context, the workforce was increased from four to seven.

The Council of Participants (CoP) met twice in 2001, under the chairmanship of Mr H. Bennink.

The Management Board met six times in the course of the year. Following their nomination by the Council of Participants, Mr P. Follon and Ms A. Regout joined the board from 1 September 2001, each 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 the member's term of office ends given in brackets):

- H. Kraaijenbrink, Chair (2004)
- P. Beertema (2002)
- P. Follon (2004)
- R.J.T. Lindgreen, Secretary (2001)
- P.W. Morée (2002)
- P.A.M. Oude Ophuis, Treasurer (2003)
- A. Regout (2004)



"In seven of the twelve months, 100 per cent service reliability was achieved."

Review of the year 2001

Day-to-day operations

Domain names continue to have considerable social and economic significance in the Netherlands and the rest of the world. This was reflected in the large number of '.nl' domain names registered. Growth in registration volumes did ease during the year, however. Whereas in 2000 the number of names registered had gone up by 239.0 per cent, the rise in 2001 was only 28.5 per cent. The expectation is that the number of names registered will continue to rise, but that the rate of growth will ease further. At the start of 2001, there were 532,596 '.nl' domain names registered; by the end of the year, the figure was up to 684,639. The number of personal domain names rose from 407 to 647. Registration fees were reduced with effect from 1 January 2001. Fees were also expressed in euros from the start of the year.

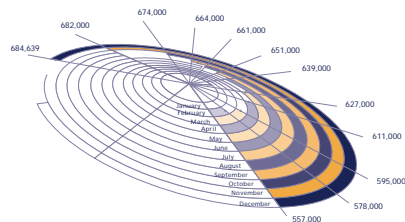
Of the domain names registered on 31 December 2001, 421,705 (62 per cent) were second or subsequent names. The proportion of all '.nl' domain names accounted for by second and subsequent names therefore changed very little during the year, having stood at 60 per cent on 31 December 2000. The number of amendments – transfers, moves and name server changes – processed by SIDN in 2001 was around 518,000, compared with roughly 621,000 in 2000.

During the year under review, considerable time and resources were devoted to further improvement of the DRS2 registration system. Working in partnership with Itude and KEMA, SIDN was able to reduce the time required for registration and the processing of amendments. As in 2000, SIDN commissioned PricewaterhouseCoopers to audit the registration process with a view to determining how reliable it was. A total of EUR 150,066 was invested in the registration system in 2001.

The number of participants rose from 930 at the start of the year to 1204 at the close.

The public section of the SIDN website was visited more than 2.9 million times in 2001.

Growth in number of '.nl' domain names in 2001



Operational issues in the year 2001

By Hans Weber, KEMA

Growth in the number of '.nl' domain names registered continued to slow during the year under review, continuing the trend that emerged in 2000. The number of new registrations declined gradually over the first half of the year, reaching a low point in August and September. Towards the end of the year, the volume of registrations picked up a little, to leave the average monthly number of domain name registrations at 17,500. The number of cancellations increased, but remained below the number of registrations, with the result that the overall number of registered domain names rose further during the year.

With effect from 15 January 2001, private individuals were allowed to have domain names registered under second-level labels. Since the registration process is largely automated, the arrival of the private domain name has not added greatly to the operational workload, technical management aside. The modest level of demand for personal domain names has also been a factor in this regard. Interestingly, names such as 'boeing.747.nl' and 'peugeot.206.nl' were snapped up within half an hour of the personal domain name system going live.

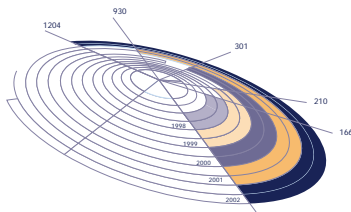
At the start of the year, SIDN commissioned Itude, a company specialising in the construction and maintenance of Oracle applications, to modify the registration software. As a result, applications can now be processed considerably more quickly. Nearly all new domain name applications enter the system on the day of receipt. If everything is in order, the name is activated the following day.

Since the new regulations came into force on 15 November 2000, SIDN no longer has to consider the nature of proposed domain names. As a result, the practice of blocking certain domain names was stopped and the previously blocked names were offered to the parties who had first applied for them. Identifying those parties was not straightforward in all cases. However, nearly three hundred of the five hundred or so blocked domain names were released to the original applicants and activated in the summer of 2001.

With a view to increasing the availability of the registration system for participants, the window for regular database maintenance and software implementation was moved from Monday evening to Sunday afternoon. In addition, new hardware with a common storage system was installed in late August. As well as reducing the likelihood of faults, the new set-up means less downtime both in the event of a fault and during scheduled maintenance. In seven of the twelve months, 100 per cent service reliability was achieved, and the average for the year as a whole was 99.73 per cent.

During the last delivery of the year, on 30 December 2001, the modifications to the invoicing module were activated. Consequently, invoice specifications now show the amendments (to which a price ticket is attached) included in the invoice.

Growth in the number of participants (numbers on 1 January of each year)



SIDN Management Board

One of SIDN's 'founding fathers' and the organisation's first Chair, Mr B. Nederkoorn, stepped down from the Board in June 2001. He was succeeded by Mr H. Kraaijenbrink. Messrs N.A. Vermeulen and J.R. Koolhaas also reached the end of their term of office. Following their nomination by the Council of Participants, Mr P. Follon and Ms A. Regout succeeded the two retiring members with effect from 1 September 2001. The Management Board met six times in 2001. The intention is that the composition of the Management Board should reflect wider society, and new appointments will be made with this aim in mind. A more widely representative Board was called for by the Council of Participants and recommended in the cabinet memorandum 'Assessment of the Operating Practices of SIDN'. None of the members of the Management Board received an emolument in 2001.



"The Management Board welcomes the findings of the domain name debate, which is regarded as a major step forward in the development of the Internet in the Netherlands."

Chairman's review

By Hans Kraaijenbrink, Chair of SIDN

2001 was an important year for SIDN. The cabinet submitted its memorandum 'Assessment of the Operating Practices of SIDN' to the Lower House of the Dutch parliament. Meanwhile, the Domain Name Debate Project Team made its final report to the State Secretary for Transport, Public Works and Water Management, SIDN and the local Internet community. The modified registration system came on line. And three new members joined the foundation's Management Board.

As the new Chair, I would like to say a special 'thank you' to my predecessor Boudewijn Nederkoorn for the excellent state in which SIDN finds itself after five years of his stewardship. From the conclusions of the cabinet memorandum 'Assessment of the Operating Practices of SIDN', it is clear that others share my opinion of what has been achieved at SIDN since its foundation. SIDN is grateful to the cabinet for setting out its views on the role that the '.nl' registry should play within the Dutch Internet community. When the matter is debated in parliament, SIDN hopes the Lower House will conclude that the system of self-regulation which has been developed by the Internet community in the Netherlands should be retained without direct government interference.

Both the Council of Participants and the Management Board welcome the findings of the domain name debate, which is regarded as a major step forward in the development of the Internet in the Netherlands. The introduction of an alternative dispute resolution procedure and opening up of the '.nl' domain to private individuals and to would-be name holders outside the Netherlands have the potential to enhance the standing of '.nl'. The changes will be put into effect in the course of 2002.

By introducing these changes, SIDN has acknowledged the government's policy proposals regarding further rooting of the registry within Dutch society.

It is my sincere hope that 2002 will be a successful year for the Internet in the Netherlands. SIDN will play its part in trying to realise this wish by focusing even more attention on the quality of its services, by continuing to strengthen and professionalise its Office and by promoting effective co-operation between the Management Board and the Council of Participants.

SIDN Office

In the interests of SIDN's further professionalisation, the SIDN Office was expanded. With a view to making better use of the expertise within SIDN, the Office is to be developed into a knowledge centre. This will create more scope for enhancing quality, making presentations and participating in consultative groups and working parties, both within the Netherlands and in the international arena. SIDN is already represented on the working committee supervising the introduction of ENUM in the Netherlands, while Mr B. Boswinkel sits on CENTR's executive committee and Mr J. Akkerhuis is a member of several ICANN and IETF working groups.

The workforce at the SIDN office was increased by four in 2001. The newly created vacancies for Public Relations Officer, Relation Manager and Chief Technical Officer were all filled during the year, while a Legal Officer still had to be appointed on 31 December. Personnel costs rose from EUR 266,421 in 2000 to EUR 350,057 in 2001.

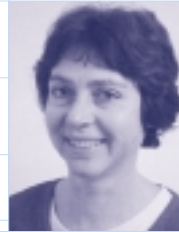
Complaints and Appeals Body

SIDN's Complaints and Appeals Body (C&AB) officially came into being on 1 July 2001. The C&AB succeeds the former Appeals Body. The C&AB handles complaints and appeals relating to names registered within the '.nl' domain on or after 15 November 2000.

The C&AB has five members. It is chaired by Professor A. Oskamp and its secretary is J.M. Gardeniers. The other members are Mr R. Eissens, A. Meijboom and Mr J.C.M. van Oers. Each member is appointed for an initial term of three years, after which he or she may be reappointed once for a further three years. No complaints or appeals were referred to the C&AB in 2001. The cost of maintaining the C&AB in 2001 was EUR 8,711.

Appeals Body

The Appeals Body was still active in 2001, handling cases referred to it in connection with names registered in accordance with the regulations in force until 15 November 2000. A total of twenty-three cases were decided by the Appeals Body during the year. It made its last ruling on 4 May 2001, after which it was disbanded with effect from 1 July 2001. The cost of maintaining the Appeals Body in 2001 was EUR 35,148, or EUR 1528 per case.



"The C&AB's terms of reference and powers differ from those of the Appeals Body. A domain name holder can appeal to the C&AB if SIDN withdraws a domain name."

Review of C&AB activities in 2001

By Professor Anja Oskamp, Chair of the C&AB

The Complaints and Appeals Body (C&AB) came into being in July 2001, taking over from the 'old' Appeals Body. By the time that the C&AB was convened, the Appeals Body had finished reviewing cases referred to it in accordance with the old regulations. The regulations had been revised with effect from 15 November 2000 in line with changes in SIDN's policy on the allocation of domain names. The new regulations made provision for a Complaints and Appeals Body.

The C&AB's terms of reference and powers differ from those of the Appeals Body. A domain name holder can appeal to the C&AB if SIDN withdraws a domain name. In addition, anyone may complain about the registration of a domain name, if he or she regards the name in question as a threat to public order or decency. If the C&AB upholds such a complaint, SIDN is obliged to withdraw the holder's right to use the name and to remove it from the register.

The C&AB's activities in the second half of 2001 were confined to procedural matters. No appeals were made, nor were any complaints received regarding the use of domain names contrary to the interests of public order and decency. Naturally, therefore, no rulings were made.

Review of Appeals Body activities in 2001

By Gerrit van de Graaf, Chair of the Appeals Body

When the new regulations came into force on 15 November 2000, a more liberal domain name allocation regime was created. SIDN was no longer required to assess the general acceptability of a proposed name, and the possibility of aggrieved parties appealing against the foundation's decisions in this regard therefore disappeared. The Appeals Body was duly replaced by a new body with new terms of reference.

However, complaints made before 15 November 2000 still had to be dealt with in accordance with the old regulations. Not surprisingly, there was a minor surge of appeals in the period immediately prior to the transition from the old regime to the new. One of the cases referred to the Appeals Body in this period involved an appellant protesting about no fewer than 122 names. The 'old' Appeals Body therefore still had several months' work ahead of it at the start of 2001.

The Appeals Body made its last ruling on 4 May 2001, after which it was disbanded with effect from 1 July 2001. SIDN no longer has to consider the general character of a domain name or the possibility of the name being misleading, given the status or business of the applicant.





“There remain many issues of great importance to an increasingly large community.”

Growth isn't over yet

By Hans Bennink, Chair of the Council of Participants SIDN

According to the media, 2001 was the year of truth for many players in the Internet industry. Figures on SIDN participation and the registration of '.nl' domain names tell a different story, however. Such figures do not constitute an 'Internet market index', but it is striking that there was no fall in the number of participants or in the number of registrations – merely an easing of the extraordinary growth seen in recent years.

The number of participants rose to more than 1200 and the number of registered domain names comfortably passed the 700,000 mark. Large-scale clear-outs were the main factor behind the slow-down in growth. In the past, many companies have registered domain names in large numbers for future use, and people are now tending to look critically at the value of retaining these names.

However, a new group of potential domain name holders is likely to make its presence felt before long. Names in the '.nl' domain are no longer to be reserved for organisations based in the Netherlands: foreign organisations and, finally, private individuals will also be allowed to register '.nl' names. The latter group has been kept waiting a particularly long time for this privilege. Although some determined people have already managed to get around the restrictions with the help of resourceful providers, special foundations and friendly Chamber of Commerce registration holders, it will soon be possible for private applicants to legitimately register their own domain names. Gradually, we will be able to leave behind the unpopular name-with-number system that we have at present.

The CoP hopes that revised regulations can be implemented before summer 2002, thereby completing liberalisation of the system.

It should also be reported that the CoP now has a sort of lead group. Whereas the Chair has previously had sole responsibility for matters such as liaison with the Management Board, a small number of participants now concerns itself with topical issues, prepares CoP meetings and, gradually, the democratisation of the CoP. The council is also moving towards a situation where one particular individual will have full-time responsibility for all secretarial activities relating to the CoP.

One could be forgiven for imagining that completion of the liberalisation process might leave the CoP with nothing to discuss except the annual contribution. However, nothing could be further from the truth. There remain many issues of great importance to an increasingly large community, in which the distinctive value of the domain name only continues to grow.

I look forward to seeing everyone at this year's meetings and wish you all success in the remainder of the year.

Domain name jurisprudence

A special website devoted to Dutch jurisprudence concerning domain names was set up during the year under review. The DomJur site, as it is known, is the result of an SIDN initiative supported by the Centre for Law, Administration & Information Technology (CRBI) at the University of Tilburg. Rulings made by courts in the Netherlands in cases involving domain names are reported on the site as comprehensively, quickly and transparently as possible.

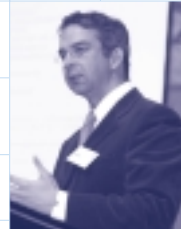
The site is intended primarily for specialists, although answers to frequently asked questions about case law in this field are also provided for the benefit of non-specialists. At the end of 2001, the site had reports on more than 120 cases, and 550 people had put their names on the mailing list for the monthly DomJur newsletter. The cost of the initiative in 2001 was EUR 46,322.

Council of Participants

The Council of Participants (CoP) met twice in 2001. Preparations for each meeting were made by a special CoP working group. In addition, a number of participants played a very active part in the hearings held during the domain name debate. At its June meeting, the CoP had recommended broadening the composition of the Management Board. At its December meeting, the CoP gave its backing to the recommendations made by the Domain Name Debate Project Team and recommended that the Management Board adopt the proposed new charges.



Mr van Zon, Chair of the Project Team, presents the first copy of the final report to Ms de Vries, State Secretary for Transport, Public Works & Water Management.



"The creation of a multidisciplinary project team was a particularly strong feature that can serve as an example to other ccTLDs."

The domain name debate

One of the main events of the year under review was the '.nl' domain name debate: a general consultation exercise designed to gauge opinion. SIDN wanted to know how the Dutch Internet community felt about a number of questions relating to the issue of '.nl' domain names.

An independent Domain Name Debate Project Team was accordingly formed in February 2001 with the task of making recommendations on the following issues:

- An Alternative Dispute Resolution (ADR) system for handling domain name disputes
- The application of territorial limitations in connection with the registration and holding of domain names
- The position of private individuals (natural persons) not acting in a professional or business capacity
- Access to registered data.

The process

The consultation process was modelled on the WIPO process. This meant setting up an advisory council, with the remit of formulating its own expert vision without mandate or consultation.

The local Internet community expressed its views on the four issues at three public hearings and on a public website. A final report was then drawn up, taking into account the ideas of the advisory council and the comments made in the public forums. On 22 November 2001, copies of this document were presented to the State Secretary for Traffic, Public Works and Water Management (Ms de Vries), the Chair of SIDN (Mr Kraaijenbrink) and the local Internet community. An English-language version of the report has also been published, which is to be distributed by WIPO and via other channels.

The recommendations

The project team's recommendations may be summarised as follows:

- An effective and swift alternative dispute resolution (ADR) system should be set up on the arbitration principle.
- The territorial limitations on the registration of '.nl' domain names should be scrapped and the '.nl' domain opened up to applicants all over the world.
- Private individuals should be admitted to the second level and should be treated in the same way as businesses in the context of the registration process.
- The purposes to which data in the WHOIS database (the public database of domain name holders) may be put should be made clear and the daily limit on the number of times the WHOIS may be consulted should be cut from five hundred to ten per IP address.

Implementation of the team's recommendations is planned for 2002. During the year under review, a total of EUR 482,182 was spent on the domain name debate.

'nl' domain name debate is an example to others

By David Muls, World Intellectual Property Organization

In recent years, considerable international progress has been made in the protection of intellectual property rights within the domain name system. One of the most important milestones in this context was the publication in April 1999 of the final report of the first Internet Domain Name Process, set up by the World Intellectual Property Organization (WIPO). In line with the report's recommendations, the Internet Corporation for Assigned Names and Numbers (ICANN) drew up an alternative dispute resolution policy that is uniformly applicable to the most popular gTLDs (particularly '.com', '.net' and '.org', and now also '.info', '.biz' and '.name'). This Uniform Domain Name Dispute Resolution Policy (UDRP) has been in force since December 1999 and is now generally recognised as the best medium for tackling breaches of intellectual property rights within the gTLDs. More than 5500 disputes have since been considered under the UDRP, most of them by the WIPO Arbitration and Mediation Center.

Since the adoption of the UDRP and the resulting improvement in the climate for brand owners in the gTLDs, international interest in the protection of intellectual property within the ccTLDs has increased sharply. This is illustrated by the fact that in August 2000 the member countries asked WIPO to work with the ccTLD registries on the development of an intellectual property rights policy for national TLDs.

Against this background, it is striking how closely in step the '.nl' domain name debate was with international developments in this field and how fortunate its timing was. The way in which the '.nl' domain name debate was organised also warrants praise. The creation of a multidisciplinary project team made up of advisory SIDN representatives and both local and international experts in dispute resolution and intellectual property law was a particularly strong feature that can serve as an example to other ccTLDs confronted by similar issues.

The most important recommendation to come out of the '.nl' domain name debate concerned the establishment by SIDN of an arbitration procedure for the resolution of domain name disputes involving brand or trade names, with the possibility of costs being awarded to the winning party. This ambitious proposal ties in extremely well with the effective Dutch summary proceedings system and is bound to attract a lot of interest in international circles.

Government assessment of SIDN's working practices

The government has recently completed a review of SIDN's working practices, resulting in the publication of a cabinet memorandum entitled 'Assessment of the Operating Practices of SIDN' on 6 July 2001. This document was discussed by the SIDN Management Board when it met on 28 August 2001. The Management Board wrote to the government setting out its views on the matters raised in the memorandum. The cabinet memorandum is expected to go before the lower chamber of the Dutch parliament some time after February 2002.

In its memorandum, the cabinet makes two policy proposals and a number of recommendations.

Policy proposals

- The government proposes to enter into consultation with all interested parties with a view to developing a policy on the formalisation of relations between SIDN and the government. For the time being, it is assumed that this formalisation will involve amendment of the Telecommunications Act.
- The Ministry of Transport, Public Works and Water Management proposes to enter into consultation with all interested parties with a view to organising research into the possibility of introducing a scarcity policy, designed to control the trade in Internet domain names and tackle the unreasonable claiming of names in the Dutch context.

Principal recommendations

- Action should be taken to ensure that all relevant interest groups are represented on the SIDN Council of Participants and Management Board. The protection of private individuals' interests as users is particularly important in this regard.
- A dispute resolution procedure (DRP) should be developed and implemented, based upon the WIPO's existing DRP and tailored to the particular needs of '.nl' domain users. It is advisable that the DRP should cover as wide a range of potential disputes as possible.

The government's standpoints were explained in greater detail at the SIDN congress on 22 November 2001 and a forum debate organised.

Congress: self-regulation for '.nl'?

On 22 November 2001, a congress was organised at Amsterdam's Beurs van Berlage venue under the title "Self-regulation for '.nl'? The position and future of '.nl' in the domain name space?"

At the congress, Messrs Van Zon and Wefers Bettink from the Domain Name Debate Project Team gave talks on their team's final report, which was published on the day of the congress. Copies of the document were presented to the State Secretary for Traffic, Public Works and Water Management (Ms de Vries), the Chair of SIDN (Mr Kraaijenbrink) and the local Internet community. Mr Muls of WIPO also made a presentation dealing with the WIPO2 report that came out earlier in the year.

The second theme of the congress was the interrelationships between ICANN, the national registries (e.g. SIDN for '.nl') and national governments. Mr Blokzijl, a member of the ICANN Board, spoke about this triangular relationship from ICANN's perspective. Mr Broesterhuizen, Director of Information Infrastructures at the Directorate-General of Telecommunications and Post, explained the Dutch government's views.

To close the congress, Mr Nederkoorn, Chair of SIDN from January 1996 to June 2001, looked back on his time at the foundation's helm.

Around 130 delegates attended the congress and took an active part in proceedings during the forum sessions.



The Beurs van Berlage made an excellent congress venue.



Retiring Chair Mr Nederkoorn is presented with a painting by his successor Mr Kraaijenbrink.

International developments

In the international arena, SIDN was active on various fronts during the year under review.

ICANN

The International Corporation for Assigned Names and Numbers (ICANN) is the global authority in the field of domain name registration. ICANN has shown itself capable of providing a framework for global development of the Internet on the basis of self-regulation, particularly in the field of domain names. SIDN supported ICANN in 2001 with a contribution of USD 85,000. SIDN staff were directly involved in both policy-related and technical developments relating to domain names. Four ICANN meetings took place in 2001, at Melbourne, Stockholm, Montevideo and Los Angeles.

At the last of these meetings, Mr J. Akkerhuis, SIDN's Technical Advisor, presented a paper entitled 'The vulnerability of the Internet', prompted by the events of 11 September.

During 2001, Mr Akkerhuis was also asked to join a working group convened to draw up criteria for evaluating the impact of the introduction of the seven new generic top-level domain names ('biz', '.info', '.name', '.coop' and '.museum', etc).

CENTR

The year under review also saw the election of Mr B. Boswinkel, the SIDN Director, as a member of the Executive Committee of the Council for European Top Level Registries (CENTR). CENTR met four times in 2001, at St. Peter Port (Guernsey), Copenhagen, Slovenia and Luxemburg. At the Luxemburg meeting, a presentation was made regarding the results of the '.nl' domain name debate. A great deal of interest in the Dutch approach has been expressed in other European countries. The English-language version of the final report was very well received. SIDN's financial contribution to CENTR in the year under review was EUR 37,000.

Other international activities

SIDN was active in various other international forums as well. Mr J. Akkerhuis attended meetings of the Internet Engineering Task Force (IETF) and co-chaired several IETF working groups. The IETF held three meetings in 2001, at Minneapolis, London and Salt Lake City.

SIDN is also regularly represented at meetings of RIPE (Réseaux IP Européens). The organisation met three times in 2001, at Amsterdam, Bologna and Prague.

In addition, SIDN participated at various meetings of the European Commission, including those at which introduction of the '.eu' top-level domain was discussed.

A total of EUR 74,174 was spent on international travel and accommodation in 2001.

Balance sheet as at 31 December 2001

	2001		2000	
Fixed assets				
Material fixed assets				
Fittings, computer hardware and software		291,242		133,021
Current assets				
Receivables				
Accounts receivable	96,222		10,352	
Other receivables	596,022		1,079,716	
		692,244		1,090,068
Cash at bank and in hand		4,660,779		2,884,098
		5,644,265		4,107,187

	2001		2000	
Capital and reserves				
General reserve		4,364,289		2,709,883
Provisions				
Provision for extraordinary operating risks		0		74,797
Current liabilities				
Liabilities to suppliers	710,228		1,230,054	
Taxation and social security contributions	448,704		24,960	
Other liabilities	121,044		67,493	
		1,279,976		1,322,507
		5,644,265		4,107,187

Profit and loss account for 2001

	2001		2000	
Net turnover		7,317,114		7,167,923
Expenditure				
Payments to operators	2,370,000		3,443,319	
Personnel costs	350,057		266,421	
Depreciation material fixed assets	112,486		78,485	
Other operating expenditure	2,079,261		1,775,947	
		4,911,804		5,564,172
Operating result		2,405,310		1,603,751
Interest received		138,184		76,432
Result from ordinary operating activities before taxation		2,543,494		1,680,183
Taxation		889,088		585,379
Net result		1,654,406		1,094,804

General notes

General

The Stichting Internet Domeinregistratie Nederland was founded on 30 January 1996.

Its objects are as follows:

- a. The responsible issue and registration of domain names within the Dutch Internet address system and the national and international co-ordination and alignment of these activities, against cost-covering charges, at the request of providers acting on behalf of parties connected to the Internet.
- b. The promotion of national and international collaboration between service providers in the field of Internet domain registration.
- c. All other matters directly or indirectly connected with or beneficial to these aims, in the general sense of these words.

Principles of valuation and result determination

General

The principles of valuation are explained below in the notes to the individual balance sheet items; where nothing is indicated to the contrary, valuation is based on nominal values. The annual accounts for 2001 have been drawn up in euros, with the corresponding figures for 2000 converted into euros for comparison.

Result determination

All items in the profit and loss account have been calculated on the basis of amounts attributable to the year under review.

Taxation

The corporation tax due has been calculated on the basis of the result, taking account of those profit components that are exempt from taxation. The discrepancy between the tax liability calculated on this basis and the amount of tax payable or reclaimable in the short term has been covered by the creation of a deferred tax liability provision. This provision has been calculated on the basis of current rates of tax.

Notes to the balance sheet

Material fixed assets

The material fixed assets have been valued on the basis of historical cost prices, less straight-line depreciation over time. The following depreciation percentages have been applied:

Fittings	33%
Computer hardware and software	33%

The movement in material fixed assets can be detailed as follows:

Fittings, computer hardware and software

1 January 2001

Purchase cost	287,256
Cumulative depreciation	154,235

Book value

133,021

Movement

Investment	270,707
Depreciation	-112,486

158,221

31 December 2001

Purchase cost	557,963
Cumulative depreciation	266,721

Book value

291,242

Receivables

Other receivables

The other receivables may be broken down as follows:

	2001	2000
Receivables (rental deposits)	5,225	5,225
Interest receivable for fourth quarter of the previous financial year	15,940	23,375
New domain name charges and subscriptions still to be invoiced	290,641	880,794
Other domain amendments from fourth quarter still to be invoiced	261,771	164,778
Advance expenditure	22,445	5,544
	596,022	1,079,716

Cash at bank and in hand

The cash at bank and in hand may be broken down as follows:

	2001	2000
Current account	97,427	8,493
Savings account	1,134,450	0
Deposit account	3,428,902	2,875,605
	4,660,779	2,884,098

Capital and reserves

The movement in the general reserve may be broken down as follows:

	2001	2000
Position as at 1 January	2,709,883	1,615,079
Appropriation of result	1,654,406	1,094,804
	4,364,289	2,709,883

Provisions

Provision for extraordinary operating risks

This heading covers expenditure for legal aid in connection with a number of legal test cases. In 2001, no expenditure was charged to this heading. In line with changes to the guidelines on the preparation of annual reports, the remainder of the provision was released at the close of 2001.

Current liabilities

Taxation and social security contributions

This heading may be broken down as follows:

	2001	2000
Value Added Tax	-172,388	-359,796
Corporation tax	590,119	355,110
Wage tax	8,579	19,567
Social security contributions	22,394	10,079
	448,704	24,960

Other liabilities

This heading may be broken down as follows:

	2001	2000
Holiday pay reserve	10,812	7,512
Net pay/salary savings	4,745	3,151
Unpaid expenses relating to revision of DRSP/DRS2	0	34,385
Advance payments received	4,086	4,869
Unpaid expenses relating to domain name debate project	84,786	0
Other liabilities	16,615	17,576
	121,044	67,493

Off-balance sheet commitments**Rental commitments**

The total annual amount to which the foundation is committed in connection with real estate rented from third parties is roughly € 20,800. The rental agreement has a tacitly renewable term of six months.

Lease commitments

The total annual amount to which the foundation is committed in connection with vehicles leased from third parties is approximately € 30,460.

Purchase commitments

The foundation has a long-term contract with a supplier of operator services, which runs until 31 December 2002. The amount payable under this contract is reviewed every six months. The commitment for the first half of 2002 is € 175,000 per month.

Notes to the profit and loss account**Net turnover**

The net turnover was generated entirely in the Netherlands and may be broken down as follows:

	2001	2000
Participants' contributions	692,850	581,202
Income from new domain names (one-off charges)	1,048,821	2,607,033
Income from existing domain names (subscription charges)	4,608,099	3,544,122
Income from amendments	966,636	417,465
Other income	708	18,101
	7,317,114	7,167,923

Personnel costs

This heading may be broken down as follows:

	2001	2000
Pay and salaries	227,223	180,982
Social security charges	11,298	19,544
Pension charges	11,358	8,120
Temporary personnel costs	24,211	12,471
Other personnel costs	75,967	45,304
	350,057	266,421

Other operating expenditure

This heading may be broken down as follows:

	2001	2000
Innovation-related expenses	411,939	1,092,176
Quality	482,182	118,664
Maintenance of equipment	548,370	94,837
Accommodation costs	15,071	10,744
Office expenses	59,419	36,523
Management Board expenses	8,919	8,283
Appeals Body expenses	43,859	60,617
Membership fees	133,875	111,660
Consultation fees	109,272	25,476
Expenditure on publicity	192,181	161,483
Travel expenses associated with international activities	74,174	33,198
Other expenditure	0	22,286
	2,079,261	1,775,947

Other information**Workforce**

At the close of 2001, the foundation had seven employees in the Netherlands (2000: four).

Management Board members

No member of the Management Board received an emolument in 2001.



Other information

Auditors' report

Introduction

We have audited the annual accounts of Stichting Internet Domeinregistratie Nederland, Amsterdam, for the year 2001. These annual accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the company as at 31 December 2001 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Arnhem, 12 February 2002

PricewaterhouseCoopers N.V.

Provisions of the Articles of Association regarding the appropriation of profits

Article 3, clause 1, of the Articles of Association runs as follows:

The capital of the foundation is formed by all contributions, charges, subsidies, gifts, legacies, testamentary dispositions and other income received.

Appropriation of the result

The Management Board has decided to transfer the result for 2001 to the general reserve.

Colophon

Published by

Stichting Internet Domeinregistratie Nederland
Utrechtseweg 310
6812 AR Arnhem
Postbus 9035
6800 ET Arnhem
T +31 (0)26 356 36 81
F +31 (0)26 442 35 96
E office@sidn.nl
S www.sidn.nl

Design

Funcke Ontwerpers BNO
Haarlem

Photography

Bram de Hollander
Carina Wissink
Dirk-Jan van Dijk

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