

IBS International Business School

DEED OF FOUNDATION

With the amendments entered on
15 December 2011
in a consolidated format
(Article 16(1) of the Act on Higher Education, hereinafter Ftv.)

1. Foundation of the school

Pursuant to Article 17(1)–(2) of Act CXXXIX of 2005 on higher education, IBS Nemzetközi Üzleti Iskolafenntartó Kft. (1021 Budapest, Tárogató u. 2-4), as the previous maintaining organisation, and **Tarogato GmbH** (A-1140 Vienna, Linzerstrasse 430), **as the new maintaining organisation**, reached an agreement on the transfer of rights to maintain the IBS International Business School.

With regard to the agreement and the fulfilment of other legal conditions, the Educational Authority has registered the aforementioned agreement and Tarogato GmbH as the new maintaining organisation, through resolution no. **OH-FIF/1307-4/2011** – in the meantime entered into effect.

In accordance with the summons of the resolution, and with regard to Article 115(2)(b) of the Ftv., Tarogato GmbH, by signing the present deed and submitting it to the Educational Authority, fulfils its legal obligations in respect of the issuing of the new Deed of Foundation.

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The IBS International Business School is a private institution of higher education falling under the authority of the Ftv., its recognition by the state provided for under Act VIII of 1997 of the Parliament of the Republic of Hungary.

The institutional identification number of the IBS International Business School, based on the provisions of annex no. 8 to Govt. decree no. 79/2006 (IV.5): FI35200.

The IBS International Business School has been registered by the Higher Education Registration Centre as an organisation for public benefit (registration resolution no. FRKP/569-3/2006).

The IBS International Business School, pursuant to Article 138/A(1) of Act LXXI of 2009 on amendments to the Act on Higher Education, has been qualified by the maintaining organisation as a higher educational institution of an international nature, a fact registered under point 4 of operating license no. OH-FHF/1158-1/2010 issued by the Educational Authority.

2. Name and main premises of the school

- full name of the school: IBS International Business School
- abbreviated name of the school: IBS
- English name of the school: International Business School
- main premises of the school: 1021 Budapest, Tárogató út 2-4.

3. Objectives of the school, activities for the public benefit, academic fields and levels, scholarly disciplines, principles of organisational structure

The fundamental objectives of the school:

- in undergraduate education, to train specialists who, by employing the knowledge and skills acquired at the school in modern economics, social theory, applied economic science, business/management and methodology, obtain expertise in fundamental issues of corporate and national economic management, furthermore acquiring the specialized knowledge required for the control and economic analysis of business management and institutional processes. In the school's undergraduate programmes, care is taken to ensure that the teaching of specialists, besides the requirements of Hungarian higher education in economics, social sciences and business/management (in terms of both content and acquired language skills), also conforms to international expectations.
- in the context of undergraduate education, studies in other disciplines are also taught which aid social scientific and specialized educational objectives, the acquisition of which will enable graduate students to carry out professionally well-grounded work and to employ and further develop the knowledge they have acquired in a versatile fashion. During the learning process, students primarily gain knowledge pertaining to the operation of economic organisations and budgetary organs at the microeconomic level, but they also acquire knowledge of the economic, legal, political and other contexts of economic organisations at the requisite macroeconomic level.

Activities of the school for the public benefit:

Of the activities for the public benefit defined in Article 26 of Act CLVI of 1997 (hereinafter Khsz.) and Article 4 of the Ftv., the school carries out the following basic activities:

Education, scholarly research, creative artistic activity, and within this:

- undergraduate programmes,
- master's programmes,
- vocational further educational programmes,
- specialised higher education,

- professional or (adult) language learning or further educational opportunities,
- scholarly research activities,
- other professional training programmes

The school pursues entrepreneurial activities only in the interests of achieving its objectives for the public benefit, and without endangering these objectives.

Any profits attained through economic activity are not distributed, but directed toward the activities determined in the deed of foundation.

The school engages in no direct political activity; its organisation is independent of political parties and provides no material support to such parties.

The school has no membership as defined in Article 4(1) of Act CLVI of 1997, and those concerned gain access to the services it provides in the context of activity for the public benefit based on the school's own regulations on admissions, fees, curricula and examinations, under the conditions specified therein and with the conclusion of an educational contract. The school publishes the aforementioned regulations on its website.

In the interests of completing its tasks, the school maintains regular and organised contacts with Hungarian and foreign partner institutions, educational and research locations, with special regard to its institutionalised relationship with Oxford Brookes University, in the framework of which an operative cooperation agreement was most recently signed between the institutions on 1 November 2005, taking into appropriate account the conditions defined in Articles 31 and 117(4) of the Ftv.

Within legal parameters and without prejudicing the fulfilment of the school's basic tasks, the school may also carry out further developmental or professional advisory activity, services and other activities.

Academic fields (according to the legal definitions found in annex no. 6 of Govt. decree no. 79/2006):

- social sciences
- economic sciences

Academic levels:

- undergraduate programmes,
- master's programmes,
- vocational further educational programmes,

- specialised higher education, in professional groups studying
 - social services
 - arts, public education and communication
 - economics
 - management
 - commerce and marketing, business administration
 - catering and tourism
- professional or (adult) language learning or further educational opportunities,
- scholarly research activities,
- other professional training programmes

Principles of organisational structure:

In accordance with the requirements of the Act on Higher Education, the school provides undergraduate teaching in several academic fields, and the basic tasks of teaching at undergraduate and other educational levels are carried out by the organisational units (departments) pursuing the given educational and scholarly research activities.

4. Legal status of the school

The IBS International Business School is a self-governing legal entity, its detailed tasks determined by the present Deed of Foundation and the Organisational and Operational Regulations, in harmony with the provisions of prevailing law.

The entity maintaining the IBS International Business School is **Tarogato GmbH**.

The head office of Tarogato GmbH is at: A-1140 Vienna, Linzerstrasse 430.

5. Representation of the school, exercise of employer's rights

The IBS International Business School's senior chief officer (under Article 96(1) of the Ftv.), and at the same time its legal representative endowed with independent representative rights, is:

- Rector Dr. László Láng, resident at: 2000 Szentendre, Bartók Béla u. 46.

The above-named representative represents the school independently according to the provisions of the declaration of signature. The representative may transfer his representative rights to employees of the school within defined parameters.

The provisions of the Labour Code (Act XXII of 1992) are authoritative regarding the working relationship of employees with the school. The Rector exercises employer's rights on behalf of the school.

6. Starting assets of the school, disposal over assets and real estate of school's main premises, management, accounting

The starting assets of the IBS International Business School were made available at the time of foundation by one of the owners of the founder. The amount made available at the time of foundation was HUF 200,000,000 – that is, two hundred million forints cash.

The IBS International Business School operates on the basis of an annual budget (for each school year) approved by the members' meeting of the maintaining organisation.

The primary objective of the school's management is to ensure the continuous availability of all personnel and material conditions stipulated for institutions of higher education under the Act on Higher Education.

The maintaining organisation will continuously ensure the conditions for provision of the school's tasks and developments approved in the budget, in so far as the school is unable to sufficiently cover these from its own revenues.

The school keeps accounts according to the double-entry bookkeeping method defined in accounting law, drawing up an "A"-type balance sheet report and "A"-type profit-and-loss statement according to the total cost procedure, which is approved by the members' meeting of the maintaining organisation. When accepting the balance sheet report, the members' meeting of the maintaining organisation decides on the method of potential cost savings or use of profits made at the school.

The IBS International Business School may accept financial or material support.

The provisions set out in Article 121(1)–(5) of the Ftv. (restrictions or provisions to be applied in connection with the foundation of economic organisations), as well as the provisions of Articles 122 and 123 (tying of development/investment activity to an institutional development plan, or fixed methods of acquiring assets), do not need to be applied in the school's case – in light of the regulations set out in Article 138(3) of the Ftv., which permit deviation for institutions that are not state-controlled.

The school occupies and uses the real estate serving as its **main premises** (1021 Budapest, Tárogató u. 2-4, hrsz: 11006/3) on the basis of a lease contract concluded with the owner of the property (maintaining organisation) for a fixed period – **until 1 July 2017** – according to Article 12(4) of the Ftv.

The maintaining organisation acknowledges its provision of an ongoing and legally established guarantee regarding the operation of the school (Article 138(8) of the Ftv.).

7. Senate

The Senate is the controlling organ of the IBS International Business School. The Senate is the school's strategic decision-making body, which determines the institution's essential educational and research tasks, as well as the professional and organisational parameters of these tasks and the directions for further development, while overseeing the implementation of strategic decisions. The procedure for the formation, convening and functioning of the Senate, its sphere of authority and the detailed rules governing its operation, as well as the related norms for making its decisions public, are contained in the school's Organisational and Operational Regulations.

8. Supervisory Committee

Given that the annual revenue of the school – defined in the present point of the Deed of Foundation as an organisation for the public benefit – exceeds HUF 5 million, a Supervisory Committee functions at the institution.

The maintaining organisation appoints the members of the committee for a term of three years, with the members accepting their mandates in separate declarations. The members can receive repeated mandates.

Members of the Supervisory Committee:

Zsuzsanna Bertalan (1021 Budapest, Szép Juhászné úti lakópark 14-18)

László Lendvai (2086 Tinnye, Vasvirág u. 17)

Dr. Tamás Stefán (1037 Budapest, Erdőszél u. 3)

The Supervisory Committee elects its chairperson from among its members and determines its own order of business; however, the essential rules relating to the committee's formation, sphere of authority and operation must likewise be contained in the institution's Deed of Foundation – see below (Articles 7(2)(c) and 10 of the Khsz.).

The Supervisory Committee oversees the operation and management of the institution. In accomplishing this, it may request reports from the senior officers and guidance or information from the organisation's employees, furthermore it may inspect and examine the school's books and documents. The chair or a designated member of the committee may attend sessions of the school's Senate in an advisory capacity. The Supervisory Committee is obligated to inform and initiate the convening of the Senate as the school's executive body in the event of obtaining knowledge of

- a) an infringement of the law, or any occurrence (or omission) otherwise seriously damaging to the institution's interests, which has taken place during the school's operation and necessitates a decision of the Rector or the Senate with executive authority in order to eliminate the irregularity or prevent or alleviate its consequences;
- b) any fact that emerges establishing the responsibility of senior officers.

The Senate holding executive authority must be convened at the proposal of the Supervisory Committee – within 30 days of the making of such a proposal.

In the event of this deadline passing unsuccessfully, the committee itself is authorized to convene the Senate. If the authorized body fails to take the necessary measures to restore legitimate functioning, then the committee will be obligated to immediately inform the relevant authority overseeing the legality of operation.

The Supervisory Committee is obligated to take minutes of its meetings. The minutes must be filed at the school's main premises, and may be inspected by anyone – subject to prior agreement.

The meetings of the Supervisory Committee are public. The chairperson of the Supervisory Committee may order a meeting behind closed doors in instances defined by law.

Conflicts of interest:

a/ No person – or their close relative (under Article 685(b) of the Civil Code) or common-law spouse (hereinafter collectively relatives) – may take part in the adoption of resolutions by the Supervisory Committee who is, on the basis of the resolution,

- exempt from obligation or responsibility, or
- enjoys any other advantage, or otherwise has an interest in the legal transaction to be concluded.

b./ No person may chair or act as a member of the Supervisory Committee who

- is a higher-level officer of the school with independent representative rights, or the chairperson or a member of the Senate,
- is in a working relationship aimed at carrying out an activity outside of their mandate at the institution, or in any other legal relationship that entails the performance of work, unless otherwise stated by law,
- enjoys the institution's targeted benefits in a way that differs from the general conditions of the relevant regulations – except in the case of non-pecuniary services available to anyone without limitation – or is a relative of the individuals specified above.

c./ Any person who held a leading office at another organisation for the public benefit which did not settle its public debts according to the Act on the Rules of Taxation – in so far as they held this post for a period of at least one year in the two years prior to liquidation of said organisation – may not chair or act as a member of the Supervisory Committee for a period of two years following the liquidation of the other organisation for the public benefit.

d./ The chairperson or member of the committee, or a person nominated as such, is obligated to inform all affected organisations for the public benefit in advance if they are simultaneously holding an office of this kind at another organisation for the public benefit.

The members of the Supervisory Committee fulfil their tasks independently and without influence, in accordance with the provisions of the law.

Membership of the Supervisory Committee as a legal relationship ceases in the event of:

- expiry of the term of the mandate,
- revocation of the mandate,
- an incidence of disqualification regulated by law,
- resignation,
- death of the member of the Supervisory Committee.

The maintaining organisation may revoke the mandates of members of the Supervisory Committee at any time without the obligation to justify this move.

9. Special management rules

Given that the maintaining organisation has defined the school as an organisation for the public benefit in the present point of the Deed of Foundation, the management rules contained in point 6 of the Deed of Foundation are supplemented – in accordance with the legal conditions of the Khsz. – with the special provisions below:

- a) with the exception of normative subsidies, the school may only enjoy support from sub-systems of the state budget based on a written agreement to that effect (Article 14(2) of the Khsz.);
- b) the school may not grant senior officers or members of the Supervisory Committee, or the relatives of these individuals, targeted benefits/ services without compensation – except in the case of services available to anyone without limitation (Article 14(4) of the Khsz.);
- c) the school may not issue any bill of exchange or other security embodying credit (Article 16(1) of the Khsz.);
- d) the school may not take out credit for the development of its enterprise to an amount that endangers its activity for the public benefit (Article 16(2)(a) of the Khsz.);
- e) the school may not use subsidies obtained from sub-systems of the state budget as collateral on loans or in order to pay off loans (Article 16(2)(b) of the Khsz.);
- f) if the institution pursues investment activity, it must draw up investment regulations to be adopted by the Senate (Article 17 of the Khsz.);
- g) the school must keep a separate record of its revenues and expenditures according to the Khsz. which derive from its targeted activity and entrepreneurial activity, while otherwise the applicable standard accounting rules must be applied (Article 18 of the Khsz.);
- h) simultaneously with the approval of the annual report by the maintaining organisation, the school is obligated to draw up a public benefit report with content defined by the Khsz., acceptance of which falls within the exclusive authority of the Senate (Article (19)(1)–(3) of the Khsz.);
- i) the annual public benefit report is public and may be inspected by anyone, who may also make copies at their own expense; furthermore,

the institution is obligated to publish this report, at the latest by 30 June of the year following the year in question, on its own website (www.ibs-b.hu) in a manner accessible to the public (Article (19)(4)–(5) of the Khsz., Chapter VII of the Organisational and Operational Regulations). In the event of any problem of a technical nature arising in connection with the functioning of the school’s website, then the institution will publish the annual public benefit report in the weekly newspaper *Budapesti Újság*.

- j) Documents/regulations relevant to the operation of the IBS International Business School as an organisation for the public benefit and the utilization of its services may be inspected at the Finance and Logistics Centre, an organisational unit of the school, based on prior agreement with the business manager.

10. Basic and supplementary activities carried out by the school, other tasks

The IBS International Business School accomplishes its tasks through education, postgraduate training, scholarly research, organisation of artistic and research activity, nurturing of international educational and scholarly contacts, provision of scholarly and other services, and ensuring the conditions for healthy lifestyles and physical training.

Besides the provision of further education which constitutes its basic activity, the school may carry out specialized vocational training activity both within and outside of the school system, and both conduct and prepare students for professional exams. Utilizing its free capacity, the school may – without impairing the provision of its basic tasks – carry out educational, research and developmental, professional consulting, service-related and other tasks for external partners or customers.

Spheres of activity of the school according to the classification of TEÁOR
(unified sectoral classification system of economic activities):

TEÁOR name of activity

Basic activities:

| | |
|-------|--|
| 85.41 | Post-secondary non-tertiary education |
| 85.42 | Tertiary education |
| 85.32 | Technical and vocational secondary education |
| 85.59 | Other education not classified elsewhere |

Supplementary activities:

| | |
|-------|----------------------------------|
| 91.01 | Library and archiving activities |
| 93.11 | Operation of sports facilities |

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| 79.90 | Other reservation services |
| 93.12 | Activities of sports clubs |
| 93.19 | Other sports activities |
| 93.29 | Other entertainment and leisure activities not classified elsewhere |

Entrepreneurial activities:

| | |
|-------|---|
| 47.19 | Mixed retail sales of consumer goods in stores |
| 47.71 | Retail sales of clothing |
| 55.20 | Holiday and other temporary accommodation services |
| 55.30 | Camping services |
| 55.90 | Other accommodation services |
| 58.11 | Book publishing |
| 58.12 | Publishing of directories and mailing lists |
| 58.14 | Publishing of journals and periodicals |
| 58.19 | Other publishing activities |
| 58.29 | Other software publishing |
| 59.20 | Sound recording and publishing |
| 62.01 | Computer programming |
| 62.02 | IT consulting |
| 62.09 | Other IT activities |
| 63.11 | Data processing services |
| 63.12 | Web portal services |
| 63.99 | Other information services not classified elsewhere |
| 69.20 | Accounting, auditing, tax consulting activities |
| 70.21 | PR communications |
| 70.22 | Business administration and other management consulting |
| 72.19 | Other research and experimental development in natural sciences and engineering |
| 72.20 | Research and development in social sciences and humanities |
| 74.10 | Fashion and design activities |
| 74.30 | Translation, interpretation |
| 74.90 | Other professional, scientific or technical activities not classified elsewhere |
| 77.40 | Leasing of intangible assets |
| 82.11 | Complex administrative services |
| 82.19 | Photocopying, other office services |
| 82.30 | Organisation of conferences and trade shows |
| 82.99 | Other supplementary business services not classified elsewhere |
| 85.60 | Educational support activities |

The founder acknowledges that the library operating at the school, based on the provisions of Act CXL of 1997, does not qualify as a public library. However, based on Article 5(2) of the aforementioned Act, provisions relating to the protection and registration of library documents are nevertheless binding upon it.

11. Maximum number of students (Article 15(8) of the Ftv.)

The maximum number of students that may be admitted to the school is determined by the maintaining organisation, taking into consideration the stipulations of annex no. 4 of Govt. decree no. 79/2006 (5 April) (Fvhr.) and according to the form of education currently in operation, as follows:

Total: 1,300 students

12. Closing provisions

The present Deed of Foundation has a unified format, containing amendments carried out up to and including the date of the document, following the foundation of the school, and approved by the founder/ maintaining organisation.

The present Deed of Foundation will enter into effect only as and when the appointment of the rector, as stipulated in point 5, has occurred in accordance with the relevant provisions of the Ftv.

Budapest, 16 December 2011

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Tarogato GmbH
maintaining organisation