An abstract painting featuring a large, dark, dome-shaped structure with a thin, vertical spire on top. The background is composed of soft, blended colors in shades of grey, white, and light blue, suggesting a sky or a textured surface. The overall style is minimalist and architectural.

Lakeland
Arts Trust

Annual Report
& Accounts 2010

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Legal & Administrative Information

Charity Number

526980

Principal Office

Abbot Hall
Kendal
Cumbria
LA9 5AL

Trustees

Adam C I Naylor MA PhD

Elizabeth (Pit) Rink BSc MPhil

Martin Ainscough BSc DL
from 30 April 2010

Henry C F Bowring MA JP DL

Anthea Case CBE BA FRSA

The Lady Cavendish
to 23 July 2010

Michael Clarke CBE FRSE
from 22 October 2010

Nicholas Coulson
to 22 October 2010

Charles Crewdson OBE JP
from 22 October 2010

Sir James A Cropper BA FCA HM Lord Lieutenant of Cumbria
to 23 July 2010

Annie Graham BA

Robert Hasell-McCosh

Jocelyn M Holland MA

Sara Keegan
from 30 April 2010

John Martin Robinson MA DPhil DLitt FSA

Peter B Rogers CBE BA(Econ) MSc

Julian Treuherz MA AMA Hon D Laws
to 22 October 2010

G P Wilson FRICS FCI Arb
to 22 October 2010

Officers

Gordon B Watson BA AMA
from 23 August 2010

Anthony R Collinson (Hon. Secretary)

Bankers

Barclays Bank plc
9 Highgate
Kendal
Cumbria
LA9 4DF

Solicitors

Whiteside & Knowles
5/7 Skipton Street
Morecambe
Lancashire
LA4 4AW

Investment Advisors

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Auditors & Accountants

Stables Thompson & Briscoe
Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

Report of the Trustees

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2010.

The legal and administrative information set out on page one forms part of this report. The financial statements have been prepared in accordance with the accounting policies set out in note one to the accounts and comply with the Trust's trust deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005; subject to certain assets and liabilities not recognised in the financial statements, as detailed in note two to the accounts.

Structure, Governance and Management

The Lakeland Arts Trust is an unincorporated trust, constituted under a trust deed dated 19 August 1957 and is a registered charity, number 526980. The Trust was formed to save Abbot Hall, an important Grade I Listed villa on the banks of the River Kent in Kendal, to convert it into an Art Gallery.

A board of Trustees of up to eighteen members, but not less than six, meets regularly and administers the charity. The Trustees are appointed by the Board of Trustees. During 2010 there were a number of changes in the Board of Trustees. The Chairman and the Board would like to thank retiring Trustees; The Lady Cavendish, Nicholas Coulson, Sir James Cropper, Julian Treuherz and Philip Wilson for their contribution to the Trust. The Chairman and the Board would also like to welcome to the Board Martin Ainscough, Michael Clarke, Charles Crewdson and Sara Keegan. At the first meeting of the Board in 2011 Martin Ainscough took over as Chairman from Adam Naylor. The Board would like to thank Adam Naylor for an exemplary contribution to the Trust for over fourteen years as Chairman and, prior to that, as Trustee.

At their meetings, the Trustees agree the broad strategy, policy and areas of activity for the Trust, including consideration of financial policy, reserves and risk management policies and performance. The Board appoints Investment Managers, currently Sarasin & Partners LLP, who are responsible for implementing the overall investment policy. An Investment Subcommittee consisting of three Trustees meets at least once a year with the Investment Advisors in order to assess the performance of the Trust's investments.

The Trustees are grateful to Nicholas Coulson for chairing the Investment Subcommittee in 2010.

The Trustees keep the skill requirements for the trustee body under review. New Trustees are appointed only where they have the necessary skills to contribute to the Trust's work and development. The induction process for any newly appointed Trustee comprises an initial meeting with the Trustees, followed by a series of meetings with the Chairman and senior staff on powers and responsibilities of the Trustees, the aims and objectives of the Trust, the forward programme of work, the staffing and organisation of the Trust and the work of the Investment Subcommittee.

On 23 August 2010 Mr Gordon B. Watson joined the Trust as Chief Executive; Gordon Watson was previously Project Director of The Hepworth Wakefield in Yorkshire.

Related parties

The Trust has a close relationship with the following:

The Lake District Art Gallery & Museum Trust Support Trust, a charitable company formed for the purpose of generating income to provide financial support for the Lakeland Arts Trust at its Abbot Hall site in Kendal.

South Lakeland District Council, the Council owns the Abbot Hall building and makes an annual grant towards the Trust's costs.

Risk management

All significant activities undertaken are subject to a risk review as part of the initial project assessment and implementation. Major risks are identified and ranked in terms of their potential impact and likelihood. Major risks, for this purpose, are those that may have a significant effect on:

- Operational performance, including risks to our staff and volunteers;
- Achievement of our aims and objectives; or
- Meeting the expectations of our beneficiaries or supporters.

The Trustees review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures

are in place to manage the risks identified. Where appropriate, risks are covered by insurance. The following framework is central to ensuring adequate risk management:

- Regular monitoring of major risks and development of disaster recovery plans;
- Embedding risk identification and assessment within operating procedures;
- A clear structure of delegated authority and control; and
- Maintaining reserves in line with set policies.

In assessing risk the Trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved. The Trustees have reviewed the major risks to which the Trust is exposed, under the headings of:

- Fire, flood and major disaster;
- Security;
- Health and Safety; and
- Financial Controls

Objectives and Activities

The principal objects of the Trust are -

a) The establishment and maintenance of a public art gallery and museum for the town of Kendal and surrounding districts (formerly the Borough of Kendal, the County of Westmorland and surrounding districts).

b) Any other public charitable purposes tending to advance artistic, historic or intellectual interests in the area which can conveniently be promoted in combination with the purpose at a) above.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

Abbot Hall was opened as an art gallery in September 1962, and has since built up significant collections of British art as well as gaining a reputation as one of the most important exhibition venues outside London.

In July 2001 the Trust opened Blackwell, another Grade I Listed house, in a stunning position above Lake Windermere,

looking across to the Coniston Fells. Designed by MH Baillie Scott and completed in 1900, this is one of the most important Arts and Crafts buildings in the country with a national reputation for its programme of exhibiting historic and contemporary applied arts and craft.

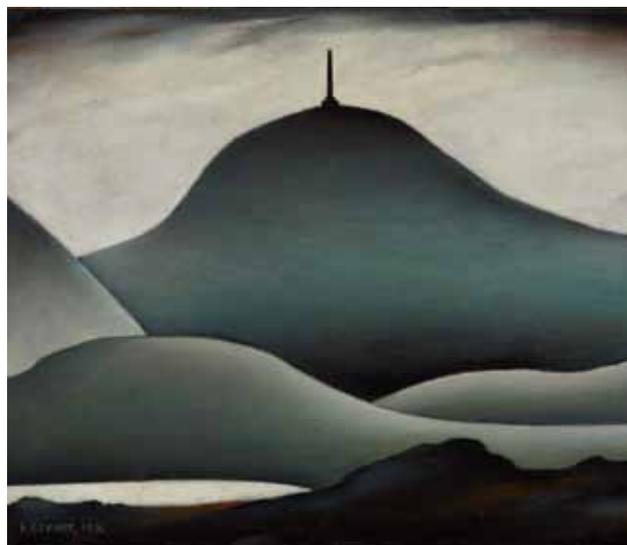
In addition to Abbot Hall Art Gallery and Blackwell, the Lakeland Arts Trust also runs the Museum of Lakeland Life & Industry, situated in the former stable block at Abbot Hall.

The Trust took over responsibility for the Windermere Steamboat Museum and Historic Boat Collection in March 2007. The collection of steamboats, motor boats, yachts and rowing boats was described at the time of the transfer as *"the most important and coherent collection of watercraft generic to one location in existence worldwide"*. The Museum closed in 2006 and the Trust is developing a capital project to conserve the collection and reopen the museum to the public.

The Trust raises funds through retail and catering outlets at Abbot Hall and Blackwell, which are operated through a wholly owned trading subsidiary, Abbot Hall Enterprises Ltd. Further details of these activities are set out in note four of the accounts.

Achievements and Performance

An important activity for the Trust is the annual programme of temporary exhibitions which are put on at Abbot Hall, Blackwell and the Museum of Lakeland Life & Industry, supplementing the core activities and collection displays at each site.



The highlight of the year at Abbot Hall was *The Loneliness of Lowry*, an exhibition which included approximately forty works, including oil paintings and works on paper from both private and public collections throughout the country. The exhibition featured some of Lowry's most powerful pictures focusing on portraits, landscapes, urban landscapes and seascapes and was the first major exhibition of Lowry's work outside Salford in the past five years.



At Blackwell the main summer exhibition was *William Morris: A Sense of Place* which explored the interrelationship between his designs and writings. *LawnPaper* was an environmental etching on the lawns, in which the artist Steve Messam created patterns, based on wallpaper designs by Morris, in the grass through a process of selective shading and trimming, remaining loyal to the ideology of the Arts & Crafts Movement and highlighting the role William Morris played in the birth of the environmental movement.

During 2010 the Trust put on the following temporary exhibitions and collection based displays:

Abbot Hall:

- Basil Beattie: Paintings from the Janus series II 2010
- Mark Francis: Arena
- The Loneliness of Lowry
- Thomas Bewick: Tale-pieces
- Artists of the St Ives School
- The Barber Goes North: Treasures from the Barber Institute of Fine Arts, University of Birmingham

Blackwell:

- Aspects of the Arts & Crafts Movement
- Beauty in Repetition: Metalwork and Jewellery, Junko Mori and Jacqueline Ryan
- LawnPaper by environmental artist Steve Messam
- William Morris: A Sense of Place

Museum of Lakeland Life & Industry:

- Victorian Costume 1837 to 1901
- Sound Writers and Talking Machines: 133 Years of Recorded Sound

In addition to the temporary exhibition programme, the Trust organised a wide ranging programme of lectures, workshops and other events. A successful new initiative was a series of displays of local artists in the Coffee Shop at Abbot Hall.

Throughout the year at Blackwell new pieces of arts and crafts furniture and objects complemented the house interiors. The Trust arranged a series of public tours at the Windermere Steamboat Museum to enable local people to see the progress being made on the conservation of the collection.

The Trust extended its community and learning programmes in 2010, including successful new projects with Queen Katherine's School in Kendal and local primary schools.

Abbot Hall had 24,960 visitors in the year, an increase of 100% on the previous year; the main increase in visitors was during the summer exhibition, *The Loneliness of Lowry*, which proved to be one of the most successful exhibitions in the history of the gallery. At Blackwell visitor numbers were 38,633 a modest increase of 2.5% against 2009, and the Museum of Lakeland Life & Industry visitor numbers also increased by 10% to 11,424.

Over the last two years the Lakeland Arts Trust has developed its brand, improved audience information and developed productive partnerships with Cumbria Tourism, South Lakeland District Council, MLA Renaissance North West, Visit Manchester, and Industrial Powerhouse (Modern History). The outcome has been increased awareness of the Trust's activities, which, combined with high quality exhibition and learning programming, resulted in 2010 with the increased footfall to all three venues, whereas visits declined in most venues in Cumbria.

Over this period the Trust has also improved communication with people on its database and other supporters. Regular email updates are sent to over 1,400 people in addition to postal mailings to supporters of the Trust. Impressively the Trust has 112 active volunteers, 1,100 Friends, 71 Patrons and Benefactors, and 120 season ticket holders. This gives the Trust a large body of people who are closely connected with the Trust's activities and contribute to diversifying income.

The Trust promotes its activities in a range of formats to reach different audiences: on line, through media releases, publications such as *What's On* and *Vision* (where the Trust previews the annual programme), and by maintaining quality, encouraging word of mouth endorsement of the exhibitions, events and learning programme. Social networking is a priority for development, plus improving evaluation and using it to inform future programming.

In February 2010, Adrian Stone joined the Trust as Conservation Workshop Manager at the Windermere Steamboat Museum. Adrian previously ran his own yacht services business on the Isle of Wight and has 30 years of experience in building and restoring wooden yachts as early as 1888 and the rebuilding of the Windermere steam launch "Banshee". Adrian will be responsible for the continued conservation and care of the collection of historic vessels. His post is funded by The Headley Trust.

Steam Launch Osprey is the first of the historic boats at the Windermere Steamboat Museum that is to be fully restored and returned to the water. In 2010 the Trust completed a full survey of the vessel, to inform the conservation management plan, and started the conservation works. The Trust plans to put Osprey back in the water in late 2011 so that it can be seen again steaming on Windermere; this timetable is dependent on both funding and the wood drying processes involved in sourcing the correct materials for the vessel.

In October 2010 the Trust appointed Turner and Townsend as Project and Cost Managers for the Windermere Steamboat Museum project and, along with a team from the Trust, they completed a review of options for the development and prepared the project brief and outline business case.

Financial Review

The Consolidated Statement of Financial Activities shows total incoming resources of £1,449,881, an increase of 9.6% compared with 2009. Voluntary income showed a reduction of £40,975 (9%) but includes £62,000 of additional funding from Arts Council England in response to the impact of the recession at Abbot Hall; in 2009 the equivalent was £100,000.

There was a 19% increase in income from admission charges and a 16% increase in income through trading operations as a result of the increase in visitors to all three venues.

Total resources expended were £1,390,108. This is an increase of £51,415 (3.8%) compared with 2009 and includes a 9% increase in the cost of commercial trading operations due to the increase in activity in this area. There is a change in the allocation of costs between charitable activities and governance costs for 2010 but overall the increase in costs for both is only 1.5%.

The trading subsidiary Abbot Hall Enterprises Ltd contributed £58,832 to the consolidated result, an increase of 99% compared with 2009.

Investment appreciation during the year was £146,016.

The Net Movement of Funds for the year showed an increase of £205,789 which is essentially attributable to investment gains and the Trust's operating surplus for 2010.

Investments and Investment Policy

The Trust has the power to make investments that it sees fit. The investment policy determined by the Trustees for the endowment funds is to provide a balanced return from a broad spread of medium risk investments, and for general funds to provide a higher income from a spread of lower risk investments.

The investment policy is implemented by professional investment managers Sarasin & Partners LLP.



Reserves

The main features of the Trust's reserves policy are as follows:

- the need for reserves will vary depending on the Trust's financial position and continuous assessment of the many risks the Trust faces at a particular time;
- the reserves will be assessed as part of the Trust's mid-range planning process and the need to build reserves will also be taken into account in the annual planning and budgeting process;
- reserves exist either to provide short term protection against downward fluctuations in annual revenues or capital receipts – or to provide long term strategic financial support;
- the reserves policy balances the need to build up long term reserves against the need for short term spending on core activities; and
- the Trust seeks to ensure that every new acquisition is fully funded through the establishment of a separate endowment or other restricted fund, if necessary, and hence will not need to be supported by the general fund.

The unrestricted reserves of the Trust include the following:

1. General Fund: £264,688 (2009: £177,235)
The general fund, which represents the Trust's working reserve, helps ensure that the Trust is able to continue with its obligations in the event of a temporary shortfall in income or sudden upturn in expenditure. The target the Trustees have set is to reach a figure equivalent to three months' annual ordinary income. The balance at December 2010 represents approximately 2.9 months' cover.
2. Abbot Hall Maintenance Fund: £195,202 (2009: £141,916)
3. Blackwell Maintenance Fund: £115,782 (2009: £111,722)
In order to avoid the large fluctuations which are otherwise likely to occur in the annual costs of building repairs and maintenance, it is the Trust's policy to hold Maintenance Funds to spread the costs falling on the General Fund in individual years.
4. Development Fund: £49,094 (2009: £54,432)
The purpose of this fund is to provide a measure of cover for unexpected or exceptional expenses which may be incurred in the development of the Trust.

Plans for Future Periods

The Lakeland Arts Trust is at an exciting point in its development with a new Chair of the Trust, a new Chief Executive and experienced Board and Senior Management Team. The Trust plans to develop new ideas and initiatives in 2011 and beyond, as well as building on the strengths and unique position of the organisation within Cumbria, the North West and the UK.

The Trust has established a national reputation for the quality of its work, particularly in curating major exhibitions and engaging with artists and audiences. The strengths of the Trust include:

- Emphasis on quality, particularly of exhibitions and collaborations with artists and craftspeople – the Trust has often shown artists who are later 'selected' for one-person shows at larger and national institutions;
- Effectiveness of a well run organisation that delivers programmes on time and within budget;
- Innovative learning, community, events and lecture programmes, which include opportunities for visitors to engage directly with artists and craftspeople;
- Regularly attracting national critical and media coverage for the Trust's activities, even though Cumbria is three hours from London;
- Excellent communication with stakeholders, pro-active Board and close involvement of volunteers, Friends, Patrons and Benefactors
- Strategic position endorsed by Art Council England, Museums Libraries and Archives Council (MLA), South Lakeland District Council and Cumbria County Council.

The Trust has a significant local, regional and national role in the development of artistic talent. It is the only gallery-based visual arts organisation that regularly exhibits and commissions artists and craftspeople of national and international significance in Cumbria. The Trust will continue programmes at Abbot Hall and Blackwell of one-person artist/craftspeople shows, group shows and collection based exhibitions. The Trust will use its collections, sites and landscape as inspiration for artists and as part of the rationale for selecting artists and craftspeople.

A major contributor to the Trust's prestigious reputation is the temporary exhibition programme at Abbot Hall and Blackwell. Usually the Trust works in collaboration with other

arts organisations, artists/craftspeople, commercial galleries, collectors and others to create and curate shows. Occasionally, these have toured to other venues. The Trust also hosts touring shows, and often develops these for the Trust's sites, as the Trust will do in 2011 with the Richard Long exhibition, which is part of ARTIST ROOMS, in partnership with Tate and National Galleries of Scotland. Abbot Hall's collections are frequently in demand from other galleries both nationally and internationally due to their quality and significance.

The Trust intends to continue and develop this approach in 2011. New collaborations will enable the Trust to develop innovative and thought-provoking exhibitions and interventions that extend the reach of such initiatives, as the Trust did in 2010, for example, in exchanging collections with the Barber Institute and hosting the Ikon Gallery's Thomas Bewick exhibition.

In 2011 the Trust will extend its exhibition activities in wide ranging ways from lending Kurt Switters' 'YMCA' collage to the Cube Gallery's OSA/Merzen installation, through to showing the first major retrospective of R.B. Kitaj's work for seven years, including loans from California, which we expect to stimulate new interest and debate about Kitaj's work.



The Trust expects a similar response when the Sheila Fell exhibition opens in her native Cumbria in April. The Trust's continuing interest in displaying the best contemporary craft

is reflected in the choice to show Philip Eglin's ceramics at Blackwell, from May to July 2011. When working with more historic artists the Trust will continue to bring new perspectives and contexts to the work.

The Trust regularly employs artists as educators and will continue to grow this. In recent years, the Trust has expanded the programme of talks, walking tours and 'in conversations' with artists, academics and others. The Trust sees discussion and debate as an important part of the gallery's role and wants Abbot Hall and Blackwell to become places where people explore new ideas and question current thinking. To start this in 2011 - Blackwell's 10th anniversary - the Trust plans to hold a series of talks looking at Blackwell and its place in the development of the Arts and Crafts in the 20th century and today.

An important part of the Trust's work with emerging and mid-career artists and craftspeople is acquiring work for the permanent collections and selling their work in the Trust's shops, particularly at Blackwell, often through the 'Own Art' scheme. The Trust will continue this, including extending the retail area at Abbot Hall to accommodate a wider range of material and space to exhibit and sell emerging-artists work. The Trust will also continue its acquisition fund and seek grants and partnerships to extend the fund's reach.

Lakeland Arts Trust aims to work collaboratively with young people, involving them in creating exciting, unexpected and informal activities and events. Through a 'young people's forum' their input and ideas will be collated and fed back into the programme. The Trust is developing ways of enabling young people to be involved in all aspects of the Trust's activities. The Trust will seek to change current thinking by promoting the Trust's gallery and museums as accessible, vibrant and inspiring venues.

The Trust transformed its website in 2010 and development of the site will continue to be a priority so that information, pictures, podcasts and knowledge can be accessed and shared by all.

In 2010, through the options review process, the Trust refined the vision and the scope of the Windermere Steamboat Museum to create a viable capital project for the development of the Museum. The stunning lakeside position, coupled with the magic and elegance of working steam launches, presents

an unrivalled opportunity for the Trust to create something really special for visitors coming to one of the most beautiful and inspiring locations in England.



At its heart, the Windermere Steamboat Museum project is centred around the boating heritage of Windermere. The Trust's plan for the Museum is that it will incorporate three key elements: the boathouse and wet dock where visitors will see boats on the water; an exhibition space telling the stories of the boats, and who built, owned and used them; and the conservation workshop where boats will be restored so that they can be returned to the water or put on display in the exhibition area. The refurbished wet dock will reflect the traditional Windermere boathouses whilst providing a modern solution to housing a collection of boats with full public access.

Some of the boats in the collection will be put back to use on the lake, and will come and go out of the boathouse or displayed afloat in the wet dock so that visitors can inspect their luxurious interiors complete with brass kettles, gleaming metalwork and tea services and get a real sense of the splendour of the 'great age of steam' on the lake. A new slipway will enable the Trust to move boats in and out of the lake.

The dry display space will house the more delicate and smaller boats in the collection. Paintings, photographs and film of the boats in their heyday, historic fittings, costume and other museum collections will illustrate how the boats were used on Lake Windermere: yachts to race in regattas, steam launches to enjoy for tea parties; speedboats to set new speed records and cargo boats to carry goods and passengers.

The museum will include learning and meeting spaces to accommodate activities for a range of audiences including families and young people. There will be excellent visitor facilities and a café serving locally sourced produce and a well-stocked shop. The museum and the site will be a place to relax and enjoy the views, meet friends or embark on a trip to experience the lake.

Delivering the vision for the museum and the ongoing conservation works is not an easy task. The Trust is approaching the Heritage Lottery Fund for a substantial proportion of the funding required. Should the Trust be successful, it will need to raise a further £2.5 million in match funding. This is a large amount of money, but, based on the successful fundraising campaign for Blackwell's restoration 10 years ago, the Trust is confident that this can be achieved. With little public funding available in the current climate, the primary focus will be on private trusts, foundations and individuals.

Accounting and Reporting Responsibilities

The Trustees have prepared the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

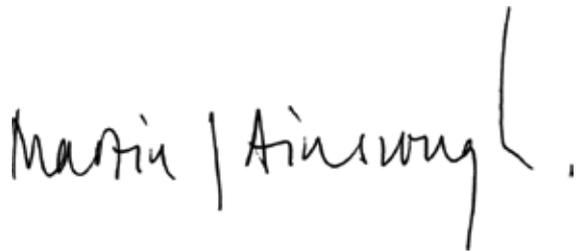
The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts Reports) Regulations 2008 and the Trust Deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Trust and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees and signed on their behalf by:

A handwritten signature in black ink that reads "Martin Ainscough". The signature is written in a cursive style with a long horizontal line extending to the right.

Martin Ainscough
(Chairman)

6 May 2011



Independent Audit Report

We have audited the financial statements of the Lakeland Arts Trust for the year ended 31 December 2010, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibilities Statement set out on pages 10 and 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify

material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the charity's affairs as at 31 December 2010, and of its incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- we have not received all the information and explanations we require for our audit.



Stables Thompson & Briscoe
Statutory Auditor and
Chartered Accountants

Lowther House
Lowther Street
Kendal
LA9 4DX

6 May 2011

Stables Thompson & Briscoe is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.



Consolidated Statement of Financial Activities

(Including Income and Expenditure Account)

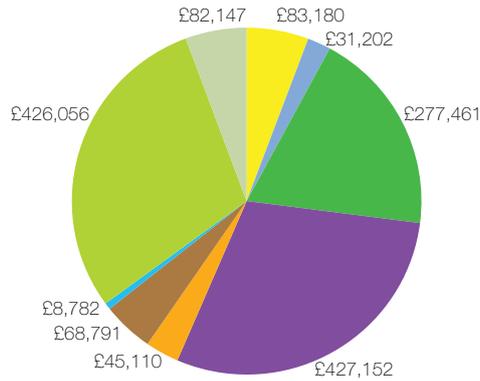
For the Year Ended 31 December 2010

	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Endowment Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary income;</i>						
Grants, donations, bequests and sponsorship	3	215,152	176,691	-	391,843	432,818
<i>Activities for generating funds;</i>						
Commercial trading operations	4	386,494	0	0	386,494	330,795
Commission on sale or return items	4	39,562	0	0	39,562	36,715
Investment income	5	36,676	32,115	-	68,791	69,636
Incoming resources from charitable activities						
Admission charges		472,262	-	-	472,262	396,112
Education income		8,782	-	-	8,782	11,081
Other incoming resources	6	82,147	-	-	82,147	45,683
Total Incoming Resources		1,241,075	208,806	-	1,449,881	1,322,840
RESOURCES EXPENDED						
Cost of generating funds						
Cost of generating voluntary income		21,206	2,879	-	24,085	18,167
Fundraising trading; Commercial trading operations	4	367,224	-	-	367,224	337,927
Investment management costs		(15)	-	(85)	(100)	(741)
Charitable activities						
Cost of operating Art Gallery, Museums, Arts & Crafts House		691,599	261,383	-	952,982	811,490
Governance costs						
Cost of managing and administering the charity	7	45,917	-	-	45,917	171,850
Total Resources Expended	8	1,125,931	264,262	(85)	1,390,108	1,338,693
Net incoming/outgoing resources before transfers		115,144	(55,456)	85	59,773	(15,853)
OTHER RECOGNISED GAINS/LOSSES						
<i>Gains on revaluation of fixed assets:</i>						
Gains/losses on investment assets		26,297	-	119,719	146,016	194,396
Net Movement of Funds		141,441	(55,456)	119,804	205,789	178,543
RECONCILIATION OF FUNDS						
Fund balances as at 1st January 2010		497,603	120,617	1,477,503	2,095,723	1,917,180
Net movement in funds as above		141,441	(55,456)	119,804	205,789	178,543
Fund balances at 31st December 2010		639,044	65,161	1,597,307	2,301,512	2,095,723

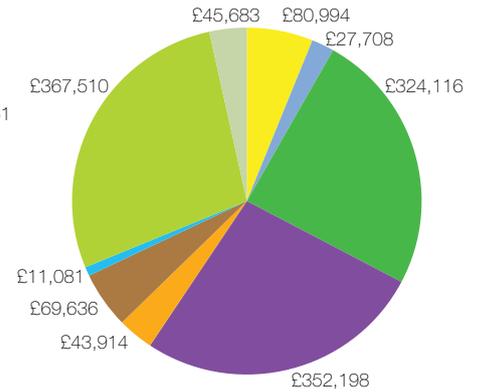
Incoming Resources

- Core Funding from Arts Council England
- Patrons and Benefactors
- Other Grants, donations, bequests and sponsorship
- Admissions and Gift Aid, excluding membership income
- Friends of the Trust
- Investment income
- Education activities, lectures and concerts
- Commercial trading (including commission)
- Exhibition commissions, parking and other income

2010



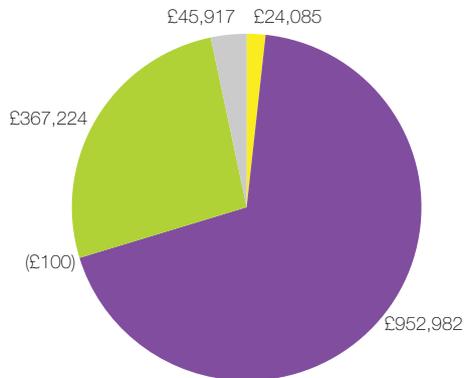
2009



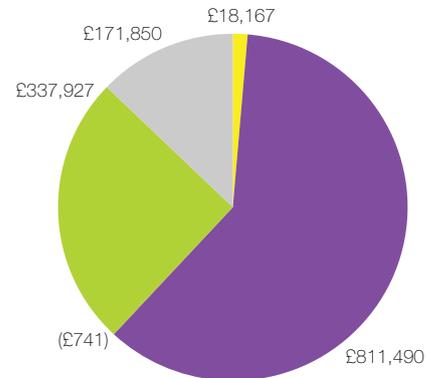
Resources Expended

- Cost of generating voluntary income
- Cost of operating Art Gallery, Museums, Arts & Crafts House
- Investment management
- Commercial trading
- Governance

2010



2009



Consolidated Balance Sheet

As at 31 December 2010

	Notes	Consolidated 2010 £	Consolidated 2009 £	Trust 2010 £	Trust 2009 £
FIXED ASSETS					
Tangible Assets	9	15,948	49,549	15,948	49,549
Investments: At Market Value	12	1,936,894	1,789,560	1,936,896	1,789,562
Total Fixed Assets:		1,952,842	1,839,109	1,952,844	1,839,111
CURRENT ASSETS					
Stock		31,259	31,893	0	0
Debtors and Prepayments	13	71,046	73,038	77,662	79,489
Cash at Bank and in Hand		452,210	274,925	440,640	265,604
Total Current Assets:		554,515	379,856	518,302	345,093
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	14	201,671	122,693	179,458	101,930
Grants in Advance		4,174	549	4,174	549
Total Current Liabilities:		205,845	123,242	183,632	102,479
Net Current Assets:		348,670	256,614	334,670	242,614
Total Assets less Current Liabilities		2,301,512	2,095,723	2,287,514	2,081,725
THE FUNDS OF THE CHARITY					
Unrestricted Funds		639,044	497,603	625,046	483,605
Restricted Funds: Endowment Fund	3c	686,973	648,130	686,973	648,130
Blackwell Endowment Fund	3c	910,334	829,373	910,334	829,373
Other Restricted Funds	3c	65,161	120,617	65,161	120,617
Total Charity Funds		2,301,512	2,095,723	2,287,514	2,081,725

The notes on pages 17 to 32 form part of these accounts.
Approved by the Trustees on 6 May 2011

Signed by



P.B. Rogers CBE, Trustee and Hon. Treasurer

Notes Forming Part of the Financial Statements

1. Accounting Policies

a) Basis of accounts preparation

The financial statements have been prepared in accordance with the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005, the Charities (Accounts and Reports) Regulations 2005, the Charities Act (1993) and applicable Accounting Standards. The principal accounting policies adopted in the preparation of the financial statements are as follows.

b) Accounting convention

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of investment property and the annual revaluation of listed investments to market value and with applicable accounting standards with the exception of FRS15 with respect to heritage assets (see note 2 for further information).

c) Basis of consolidation

The consolidated financial statements consist of the Charity and its subsidiary, Abbot Hall Enterprises Limited. The gross turnover and expenditure of the subsidiary are shown separately within the Consolidated Statement of Financial Activities. The assets and liabilities of the subsidiary are included on a line-by-line basis in the Consolidated Balance Sheet. A separate statement of financial activities, or income and expenditure account are not presented for the charity itself following the exemption afforded by paragraph 397 of the Statement of Recommended Practice (SORP 2005).

d) Incoming resources

Income is shown within three main categories in the Consolidated Statement of Financial Activities:

Incoming resources from generated funds

Voluntary income

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- i. when donors specify that donations and grants given to the charity must be used in future accounting periods the income is deferred until these periods; or

- ii. when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Activities for generating funds

Income from commercial trading activities (including retail and catering). Income from investments (income received on restricted endowment funds is not generally restricted but for the Blackwell Endowment Fund there are specific restrictions).

Incoming resources from charitable activities

Income from Charitable trading activities through Abbot Hall Art Gallery, Blackwell the Arts & Crafts House, the Museum of Lakeland Life & Industry and the Steamboat Museum (including admission, education and Friends of the Trust memberships), is included in incoming resources in the period for which it is receivable.

Other incoming resources

Other income includes parking and commission from the sale of exhibition pieces. Further information on other income is given under note 6 (Other Incoming Resources).

e) Resources expended

Resources expended are included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. All costs are defined in three specific categories:

- Cost of generating funds
- Charitable activities
- Governance costs

d) Pension costs

The charity participates in a defined benefit scheme. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme.

These costs are accounted for on the basis of charging the costs of providing pensions over the period during which the charity benefits from the employees' services. From January 2003 this scheme was closed to new members.

g) **Tangible fixed assets**

Tangible fixed assets costing more than £5,000 are capitalised and included at cost including any incidental expenses of acquisition (with the exception of heritage assets see note 2).

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

- Plant and equipment specific to temporary storage of boats over 3 years
- Other plant and equipment over 4 years
- Motor vehicles over 4 years

h) **Gifts of assets**

The Trust often receives gifts of works of art which, when received, form part of the permanent collection. Their value does not appear in the balance sheet as they are regarded as inalienable heritage assets (see note 2 for more information).

i) **Stock**

Stock consists of purchased goods for resale and is included at the lower of cost or net realisable value.

j) **Investments**

Investments are stated at market value on the balance sheet except for property which was valued during 2010 at £107,000. The Consolidated Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

2. Assets and Liabilities not Recognised in the Financial Statements

The Lakeland Arts Trust's primary purpose is to establish a public art gallery and museums for the town of Kendal and surrounding areas, and to advance artistic and historic interests in the area. In this connection the Trust has a long leasehold interest, at a peppercorn rent, in listed buildings at Abbot Hall, of which the Art Gallery itself is listed at Grade I.

The buildings house a valuable collection of works of art and museum exhibits. The Trust also has a freehold interest in the Grade I Listed Arts & Crafts House at Blackwell – a property of unique historic importance near Bowness-on-Windermere, with a limited collection of archive material, objects and furniture. In addition, the Trust has a long leasehold interest, at a peppercorn rent, in the Steamboat Museum on the shores of Lake Windermere, which houses a nationally important collection of steamboats and other vessels.

These historic properties are inalienable heritage assets in the sense that it is a fundamental part of the Trust's purpose to hold and preserve them permanently, and the Trust is effectively prohibited from disposing of them for any other purpose, not only by the terms of its Trust Deed, but also by external considerations including the terms of leases, conditions applied by funding bodies and planning consents. These properties are not assets in the normal sense of the word because under the irrevocable terms of their present use they have no market value. To provide a market value based on an impermissible change of use would be misleading.

Likewise, the Trustees consider that the collections at Abbot Hall, the Museum of Lakeland Life & Industry, Blackwell and the Steamboat Museum are heritage assets and the Trust does not, therefore, represent either its properties or collections on the Balance Sheet.

Further information on the Trust's heritage assets is given under notes 11 (Financial Summary of Heritage Asset Transactions) and 12 (Further Information on the Trust's Heritage Assets), in accordance with the terms of FRS30.

3. Funds

Funds held by the charity are either:

Unrestricted funds – including unrestricted general funds (note 3a); these funds which can be used in accordance with the charitable objects at the discretion of the Trustees, and unrestricted designated funds (note 3b); these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects. As the designated funds are not separately invested, an internal transfer of investment income is made, based upon average value of the funds and the average return on investments.

Restricted funds (note c) – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restriction arises when specified by the donor or when funds are raised for particular purposes.

Further explanation of the nature and purpose of each fund is included later in the notes.

a) Unrestricted general funds

The unrestricted general funds have no restrictions; they include day to day income and expenditure transactions such as voluntary income.

The general fund received grants and sponsorship during 2010 of:

	2010 £	2009 £
Arts Council England (North West)	83,180	80,994
Arts Council England (North West) Additional Funding	62,000	100,000
Business in the Arts North West	1,000	0
Local Authority:		
South Lakeland District Council	14,500	14,500
Kendal Town Council	500	375
Charitable Trusts:		
The Windermere Nautical Trust	0	28,467
Chalcroft Charitable Trust	2,000	0
The Westmorland Arts Trust	0	1,792
The Diana Parker Charitable Trust	0	500
Unspent grants brought forward from 2009	1,611	3,687
	164,791	230,315
Unspent grants carried forward to 2011	(798)	(1,611)
	163,993	228,704
The general fund also received donations and bequests of:		
Benefactors and Patrons	31,202	27,708
The Sir John Fisher Foundation	12,000	12,000
Mrs DEC Marshall	1,992	0
W Bentall	0	5,000
Private donation	0	2,000
Hamish Parker	0	1,500
Margaret Kelham	0	500
J P L Welch	0	1,500
Others including Gift Aid	5,966	5,206
	51,159	55,414
Total voluntary income to unrestricted general funds	215,152	284,118

b) Unrestricted designated funds

Designated funds consist of:

- i. The Purchase Fund, which exists to make acquisitions for the permanent collections.
- ii. The Maintenance Funds
In order to avoid the large fluctuations which are otherwise likely to occur in the annual costs of building repairs and maintenance, it is the Trust's policy to hold maintenance funds to spread the costs falling on the General Fund in individual years.
- iii. The Development Fund
The purpose of this fund is to provide a measure of cover for unexpected or exceptional expenses which may be incurred in the development of the Trust.
- iv. Conservation Fund
This fund was set up in relation to conservation work on the collections.

Movements on the designated funds during 2010 were:

	At 1 Jan 10 £	Donations/ Additions £	Interest Allocated £	Expenditure & Transfers £	At 31 Dec 10 £
Purchase Fund	12,517	0	522	0	13,039
Abbot Hall Maintenance Fund	141,916	0	6,029	(47,256)	195,202
Blackwell Maintenance Fund	111,722	0	4,060	0	115,782
Development Fund	52,973	0	0	3,879	49,094
Conservation Fund	1,241	0	0	0	1,241
	320,368	0	10,612	(43,377)	374,357
Unrestricted General Funds	177,235	215,152	(10,612)	117,088	264,688
Total Unrestricted Funds	497,603	215,152	0	73,711	639,044

c) Restricted funds

The Endowments Funds are permanent endowment funds, the income from which contributes to the operating expenses of the Trust. The assets of the funds are represented by Investments (see note 12).

Movements on the funds during 2010 were:

	Endowment Fund £	Blackwell Endowment Fund £	Total £
At 1 January 2010	648,130	829,373	1,477,503
Investment gains/losses	38,810	80,909	119,719
Fund Management Fees	33	52	85
At 31 December 2010	686,973	910,334	1,597,307

Movements on other restricted funds during 2010 were:

	At 1 Jan 10 £	Donations £	Expenditure £	At 31 Dec 10 £
Steamboat Project Fund	60,600	20,000	42,436	38,164
NHMF (Steamboat Plant)	30,481	0	30,481	0
NHMF (Steamboat Equip./Motor Vehicles)	15,881	0	6,027	9,854
Al Cotcher bequest	5,000	0	0	5,000
Charlotte Bonham-Carter Charitable Trust	4,000	3,500	1,439	6,061
Aurelius Trust	2,133	0	504	1,629
Westmorland Arts Trust: (Drawn from Life)	0	1,000	0	1,000
(Education)	0	1,000	0	1,000
(Lecture series)	0	615	615	0
(Assisted Transport)	640	1,000	1,280	360
Donors to the Blackwell Decorative Panel	543	0	0	543
engage	0	1,171	271	900
The Lakeland Museum's Education Network	0	400	0	400
Lakeland Ltd	0	250	0	250
L.D.A.G.A.M.T. Support Trust	0	38,109	38,109	0
Income on the Blackwell Endowment Fund	0	32,115	32,115	0
The Headley Trust	0	32,083	32,083	0
John Ellerman Foundation	0	20,000	20,000	0
The Worshipful Company of Goldsmiths	0	3,500	3,500	0
Golsoncott Foundation	0	2,500	2,500	0
University of Cumbria	0	4,000	4,000	0
Centre for Assessment & Recognition	0	1,000	1,000	0
Lake District National Park Authority	0	1,223	1,223	0
Renaissance North West	1,339	5,640	6,979	0
Manchester International Arts	0	950	950	0
Cumbria County Council	0	3,750	3,750	0
The Northern Rock Foundation	0	35,000	35,000	0
	120,617	208,806	264,262	65,161

4. Abbot Hall Enterprises

Abbot Hall Enterprises is wholly owned by the Trust and trades to raise funds, which are transferable to the Trust either as gift aid or repayment of loan.

The Profit and Loss Account for the year was:

	£	2010 £	£	2009 £
Sales of Goods	382,877		327,680	
Conservation & Reproduction Services	3,617		3,115	
		386,494		330,795
Less Cost of Sales	155,612		140,558	
Conservation & Reproduction Services	1,550		792	
		157,162		141,350
Gross Profit on Sale of Goods		229,332		189,445
Commission on Sale or Return Items		39,562		36,715
Total Income		268,894		226,160
Employment Costs	197,802		183,681	
Training	0		188	
Rent	4,800		4,800	
Audit fees	1,695		1,835	
Repairs & Maintenance	3,459		3,078	
Publicity	435		907	
Professional Fees	1,152		1,089	
Security Charges	103		833	
I.T.	388		0	
Miscellaneous Expenses	228		116	
		210,062		196,577
Net Profit		58,832		29,583
Profits transferred to Lakeland Arts Trust.		(58,832)		(29,583)
Retained profit for the year		0		0

The Balance Sheet at 31 December was:

	£	2010 £	£	2009 £
Current Assets				
Retail Stocks	31,259		31,893	
Sundry Debtors and Prepayments	423		363	
Cash at Bank and on hand	11,570		9,321	
		43,252		41,577
Current Liabilities				
Lakeland Arts Trust Current Account	7,124		7,554	
Sundry Creditors	22,126		20,021	
		29,250		27,575
Net Assets		14,002		14,002
Represented By:-				
Share Capital	2		2	
Profit & Loss Account	14,000		14,000	
		14,002		14,002

If the subsidiary results were excluded the Trust's gross income would be £1,023,825 (2009: £955,330) and the net movement in funds would be £146,957 (2009: £148,960).

5. Investment Income

Income received and accrued during the year came from the following sources:

	£	2010 £	£	2009 £
Endowment Fund				
UK Global Balanced	20,165		20,272	
Property	3,301		4,588	
Cash & Money Market	598		4	
		24,063		24,864
Blackwell Endowment Fund				
UK Global Balanced	31,494		31,661	
Cash & Money Market	620		7	
		32,115		31,668
Unrestricted funds				
UK Global Balanced	12,455		12,946	
Cash & Money Market	159		158	
		12,613		13,104
		68,791		69,636

6. Other Incoming Resources

	2010 Unrestricted Funds £	2010 Restricted Funds £	2010 Total £	2009 Total £
Parking	38,146	0	38,146	26,038
Insurance reclaim	29,690	0	29,690	0
Rent	5,625	0	5,625	0
Char boat licences	2,113	0	2,113	1,568
Commission on exhibition sales	1,759	0	1,759	10,223
Bridgeman Art Library	1,522	0	1,522	961
Other	3,292	0	3,292	6,893
	82,147	0	82,147	45,683

7. Cost of Operation of Art Gallery, Museums and Arts & Crafts House

	2010 Unrestricted Funds £	2010 Restricted Funds £	2010 Total £	2009 Total £
Acquisitions for permanent collection	0	0	0	7,500
Audit fees	0	0	0	4,116
Conservation of exhibits	928	15,270	16,198	1,098
Depreciation of Furniture & Equipment	1,424	0	1,424	3,714
Depreciation of Steamboat Plant	0	32,649	32,649	55,691
Education & Learning	1,654	37,116	38,770	42,073
Equipment & Display	18,922	3,628	22,550	12,595
Exhibition Programmes	11,470	46,189	57,659	42,898
Maintenance of Buildings & Contents:				
Heating, Lighting & Cleaning	24,928	20,000	44,928	43,890
Insurance	20,793	0	20,793	18,332
Rent, Rates and Water	23,677	0	23,677	17,005
Repairs & Maintenance	72,460	36,223	108,683	23,707
Marketing	43,092	1,223	44,315	0
Other	9,119	0	9,119	7,834
Printing, Postage, Stationery and Telephone	26,724	0	26,724	24,788
Professional fees	28,257	8,860	37,117	3,930
Recruitment	4,534	0	4,534	2,342
Salaries & Associated Employment Costs	396,232	48,223	444,455	482,830
Staff Development & Training	1,295	7,760	9,055	684
Subscriptions	1,863	0	1,863	654
Travel, Subsistence & Motor, incl. Depreciation	4,731	3,738	8,469	15,809
	691,599	261,383	952,982	811,490

8. Managing and Administering The Charity

	2010 Unrestricted Funds £	2010 Restricted Funds £	2010 Total £	2009 Total £
Audit Fees	3,872	0	3,872	0
Marketing	0	0	0	50,389
Salaries & Employment Costs	42,045	0	42,046	121,461
	45,917	0	45,917	171,850

The basis on which costs have been allocated between notes 7 and 8 is different in 2010 compared with 2009. In 2010 audit fees as included under note 8 as a governance cost and marketing expenses are included under note 7 as a cost of operation of charitable activities. The allocation of salaries and employment costs between the two notes has also been changed – all allocations for 2010 are in line with SORP 2005.

9. Tangible Fixed Assets

Movements on the fixed assets during 2010 were:

	Steamboat Plant £	Furniture & Equipment £	Motor Vehicles £	Total £
Asset cost, valuation or revalued amount				
At 1 January 2010	167,070	14,957	14,950	196,977
Additions	6,500	0	0	6,500
Disposals	0	0	0	0
At 31 December 2010	173,570	14,957	14,950	203,477
Accumulated depreciation				
At 1 January 2010	(136,589)	(5,855)	(4,984)	(147,428)
Disposals	0	0	0	0
Charge for year	(32,649)	(3,714)	(3,738)	(40,101)
At 31 December 2010	(169,238)	(9,569)	(8,722)	(187,529)
Net book value				
At 1 January 2010	30,481	9,102	9,966	49,549
At 31 December 2010	4,332	5,388	6,229	15,948

10. Financial Summary of Heritage Asset Transactions

Movements on the heritage assets were:

	2010 £	2009 £
Purchases	0	7,500
Donations:		
Rigmaden (early 20th Century motor boat)	500	0
Total Additions	500	7,500
Disposals:		
Carrying value	0	0
Disposal proceeds	0	0

This note appeared for the first time in 2009 and therefore a complete 5 year summary as required under FRS30 will not be available until 2013.

11. Further Information on The Trust's Heritage Assets

The Trust maintains a full inventory of all the collections that it holds. This includes location and movements in and out of works of art and museum objects which, from time to time, may be loaned to/from other museums and galleries.

Potential acquisitions, which may be purchased or gifted, must meet the four basic criteria of relevance, use, condition and provenance. Further detail on acquisitions is given under each section of the collection below.

Abbot Hall

Collection of Works of Art and Museum Exhibits

The Trust opened Abbot Hall Art Gallery, which is housed in a Grade I Listed 18th century villa, in 1962. The downstairs rooms were restored in a way sympathetic to the building's Georgian origins, and the upstairs rooms were converted for the display of exhibitions, including of modern and contemporary art.

The Trust's principal areas of collecting and display broadly mirror this division:

- 18th century furniture. This is a relatively small holding but it allows the 18th century paintings to be seen in context in the period rooms.

- 18th century British landscape and portrait paintings, with a particularly strong group of works by George Romney, who grew up and was apprenticed locally.
- 18th and 19th century watercolours, including an exceptional group of works by John Ruskin, JMW Turner and a number of other key works, many of which relate to the Lake District.
- 20th century and contemporary British Art, perhaps the Trust's strongest group, with sculpture by figures such as Jean Arp, Barbara Hepworth and Elisabeth Frink, as well as work by many of the leading painters including Samuel Peploe, Ben and Winifred Nicholson, a strong group of St Ives work, Kurt Schwitters, Stanley Spencer, Graham Sutherland, John Piper, Ivon Hitchens, Frank Auerbach, Paula Rego, Bridget Riley and Sean Scully. In addition, there is a strong holding of prints by such names as Henry Moore, David Hockney and Lucien Freud, as well as others previously mentioned.

In addition to the core collections outlined above, there are subsidiary collections, some of which, such as the craft collections of Arts and Craft furniture and ceramics and 20th century studio pottery, are used in the displays at Blackwell.

While the collecting policy at Abbot Hall has, in the past, encompassed other material including ceramics, textiles, books, clocks and musical instruments, the Trust's acquisition

and display policies at Abbot Hall are now focused on the principal areas outlined above. The limited display and storage space at Abbot Hall means that the Trust has to give serious consideration to the size of any potential acquisitions, as well as their relevance, condition and provenance.

The collections at the Museum of Lakeland Life & Industry are extremely varied, consisting not just of items strongly related to local life and industry, but also objects of more general relevance. The collection are divided broadly into categories as follows; farming; local vernacular furniture; costume (dating from 17th to mid 20th centuries); local urban and light industry tools, machinery and artefacts; rural trades and industry implements; clock-making; photography; the Arts & Crafts Movement in Cumbria; local authors (including Arthur Ransome); domestic objects; sport and leisure; toys, games and dolls; education materials and ephemera.

The collections at the Museum of Lakeland Life & Industry are extensive, and material was acquired at a fast rate after the Museum opened in 1971. In the light of this, the Trust has decided to review the collections and, while this is being completed, to severely limit new acquisitions. This situation will be reviewed once a full review of the existing collections has been made and the feasibility of obtaining new material has been assessed.

Blackwell

Blackwell, which the Trust opened in 2001, reflects the development of the Arts & Crafts Movement both in Britain and internationally, with particular emphasis on its architect Mackay Hugh Baillie Scott (1865-1945), and the development of applied art and craft disciplines up to the present day. The Trust has very limited collections at Blackwell, and these are defined principally by the following:

- material relating to M.H. Baillie Scott including furniture, books and published designs
- archive material relating to the history of Blackwell
- Arts & Crafts furniture and a small number of objects by Arts & Crafts designers and/or makers

The Trust's displays at Blackwell are principally comprised of objects drawn from the collections and objects on loan from public and private collections. There are two exceptions to this principle:

- a small number of ceramics which were donated on the opening of Blackwell to enhance its displays and 'dress' the period rooms; these may be regarded as constituting a handling collection
- architectural fittings acquired to complete or enhance the fabric of the house, such as light fittings.

The Trust will acquire objects which establish a meaningful collection and which provide new and additional methods of interpreting the history and development of Baillie Scott, Blackwell itself, the Art & Crafts Movement and its earlier influences, as well as its legacy. This includes contemporary craft practice.

The main period covered is from around 1840 to the present, with the majority of material relating to the late Victorian and Edwardian periods. Geographically, collecting is based on material relating specifically to Blackwell, M.H. Baillie Scott's practice in the UK and Europe, the development of the Arts & Crafts Movement both nationally and internationally, and national and international contemporary craft practice.

The Steamboat Museum Collection

The historic boat collection at the Windermere Steamboat Museum, which was opened in 1977, demonstrates the development of boating on Windermere from around 1780 to 1960. The collection is acknowledged to be one of the most important collections of vessels generic to one location worldwide and to reflect important themes in technical, social and economic history. The museum's founder Mr G.H. Pattinson (1918-1997) collected most of the boats over a period of 30 or more years. The Pattinson Collection was augmented and added to by the collection of the Windermere Nautical Trust and covers many aspects of boating on Windermere including wooden steam launches, motor boats, yachts and canoes, as well as small objects and printed ephemera. The Pattinson collection was transferred to the Lakeland Arts Trust through H.M. Government's Acceptance in Lieu Scheme in 2007. The Lakeland Arts Trust is now also responsible for the collections of the Windermere Nautical Trust following the merger of the two charities which was completed in 2009.

The role of acquisition at Windermere Steamboat Museum is to build on and enhance the existing collection and to provide new and additional ways of interpreting the history and

technology of boating on Windermere. The redevelopment of the Museum is currently at a very early stage, and the particular areas of collecting will evolve as additional information is discovered. Access to the Museum and the collection will be restricted until the Trust has redeveloped the Museum and reopened it to the public.

Disposal

By definition, the Trust has a long-term purpose and holds collections in trust for society in relation to its stated objectives. The Trustees therefore accept the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any items in the Trust's collections. The Trust's disposal policy is detailed in the Trust's Acquisition and Disposal Policy.

Where disposal is considered, the Trust will confirm that it is legally free to dispose of an item and agreements on disposal made with donors will be taken into account. Other factors including public benefit, the implications for the Trust's collections and collections held by museums and other organisations collecting the same material or in related fields will be considered. Once a decision to dispose of material in the collection has been taken, priority will be given to retaining it within the public domain, unless it is to be destroyed. It will therefore be offered in the first instance, by gift or sale, directly to other MLA Accredited Museums likely to be interested in its acquisition.

Any monies received by the Trust from the disposal of items will be applied for the benefit of the collections. This normally means the purchase of further acquisitions. In exceptional cases, improvements relating to the care of collections in order to meet or exceed Accreditation requirements relating to the risk of damage to and deterioration of the collections may be justifiable. Any monies received in compensation for the damage, loss or destruction of items will be applied in the same way. The Trust will not undertake disposal motivated principally by financial reasons.

Preservation and Management

The Trust was awarded MLA Accreditation status in 2009 and following the award Abbot Hall, Blackwell and the Museum of Lakeland Life & Industry have entered into a planned timetable of collections preservation, care and management. These plans are regularly revisited by the curatorial team led by the

Artistic Director; they are also monitored by the MLA. The Trust abides by the Museums Association's Code of Ethics.

In 2010 some of the principal objects in the collection were valued by Sotheby's. The valuation was carried out specifically to inform a risk management exercise which resulted in a review of the insured values and risks for the collection.

For the purpose of reinstatement the value of all of the Trust's Heritage assets, including buildings and land is estimated as £25.4m.

12. Investments

	Endowment Fund £	Blackwell Endowment Fund £	General Fund £	Total £
Investment Portfolio				
Market Value as at 1 January 2010	649,663	827,198	312,699	1,789,560
Additions	0	0	0	0
Disposal proceeds	0	0	0	0
Movement on cash income account	0	0	(18)	(18)
Net investment gains/(losses)	38,810	80,909	26,297	146,016
Market Value as at 31 December 2010	688,473	908,107	338,978	1,935,558
Cash held as part of portfolio	631	672	33	1,336
Value of portfolio as at 31 December 2010	689,104	908,779	339,011	1,936,894
Historical cost as at 31 December 2010	556,200	869,802	325,775	1,751,777

UK Listed investments are represented by:

	£	2010 £	£	2009 £
Endowment Fund				
UK Global Balanced	581,473		529,663	
Property	107,000		120,000	
Cash	631		0	
Blackwell Endowment Fund				
UK Global Balanced	908,107		827,198	
Cash	672		0	
General Fund				
UK Global Balanced	338,978		312,681	
Cash & Money Market	33		18	
		1,936,894		1,789,560

Investments held by the Trust also include an additional £2 (2009: £2) investment in the subsidiary company, Abbot Hall Enterprises Ltd at cost (see note 4).

13. Debtors & Prepayments

	Consolidated 2010 £	Consolidated 2009 £	Trust 2010 £	Trust 2009 £
Trade Debtors	14,457	12,899	13,949	11,796
Other Taxes and Social Security	522	0	522	0
Grant Income Due	0	10,875	0	10,875
AHEL Current Account	0	0	7,124	7,554
Prepayments	53,473	36,045	53,473	36,045
Interest accrued	0	13,219	0	13,219
LDAG&MT Support Trust	2,594	0	2,594	0
	71,046	73,038	77,662	79,489

14. Creditors & Provisions

	Consolidated 2010 £	Consolidated 2009 £	Trust 2010 £	Trust 2009 £
Trade Creditors	45,490	53,526	35,958	46,029
Other taxes and social security	32,106	29,173	21,271	21,070
Accruals	84,023	23,510	82,328	18,358
Other creditors	40,052	16,484	39,901	16,473
	201,671	122,693	179,458	101,930

15. Analysis of Group Net Assets Between Funds

	Unrestricted £	Restricted £	Endowment £	Total £
Tangible Fixed Assets	14,187	1,761	0	15,948
Investments	339,011	0	1,597,883	1,936,894
Cash at Bank & in Hand	389,386	63,400	(576)	452,210
Other Current Assets	102,305	0	0	102,305
Current Liabilities	(205,845)	0	0	(205,845)
	639,044	65,161	1,597,307	2,301,512

16. Trustees Remuneration and Expenses

The Trustees neither received nor waived any emoluments during the year (2009: £nil).

Out of pocket expenses were reimbursed to Trustees as follows:

	2010 £	2009 £
Travel	123	0

17. Employees

The employees of the Trust during 2010, expressed as average annual full time equivalent numbers, consisted of:

	Abbot Hall	Blackwell	Steamboat Museum	
Management, curatorial, marketing & education	5.7	8.0	0.9	
Administration	1.0	3.5	0	
Desk/shop staff	2.6	3.1	0	
Coffee Shop & Tea Room	3.8	6.7	0	
Other	0.8	0.8	0.6	
Total	13.9	22.1	1.5	37.5

18. Staff Costs

	2010 £	2009 £
Wages and Salaries	659,025	769,566
Social Security Costs	53,350	51,810
Pension Costs	19,775	18,266
	732,150	839,642

The numbers of full time/regular employees whose pay and taxable benefits exceed £60,000 fell within the following bands:

	2010	2009
£70,000 - £79,999	0	0
£120,000 - £129,999	0	1

19. Employee Pension Arrangements

The Lakeland Arts Trust is an admitted body of the Cumbria County Council 'Cumbria Superannuation Fund'.

From January 2003, this scheme was closed to new members and there were no remaining members in the scheme at 31 December 2009. As it is a multi employer scheme the Trust is exempt from the disclosure requirement of FRS17. There is a deficit on the scheme and as soon as it is quantified the Trust will seek to make arrangements to clear it. A provision of £19,775 has been made in 2010, in line with the amount which would have been payable for the year.

In 2010 there were no staff earning in excess of £60,000 (2009: one member of staff earning in excess of £60,000) who participated in the scheme. Contributions were as follows:

	2010 £	2009 £
Employer Contribution	0	18,266

20. Taxation

The income which the Trust receives from admission charges to the public to view its collections arises, in the opinion of the Trustees, in conjunction with and for the purposes of the Trust and is applied solely for the purposes of the Trust. Profits of Abbot Hall Enterprises Ltd on its trading activities are transferred to the Trust under gift aid. It is considered that no liability to taxation other than Value Added Tax arises.

21. Related Party Transactions

A number of the Trustees are Patrons and Benefactors of the Trust. During 2010 the total amount received from Trustees was £8,500 (2009: £7,800).

A donation of £20,000 (2009: £0) was received during the year from Gilbert, Gilkes and Gordon Ltd. Charles Crewdson, a Trustee, is Chairman of Gilbert Gilkes and Gordon Ltd.

Images

Front Cover (detail) & Page 4: L.S. Lowry, *A Landmark*, 1936
The Lowry Collection, Salford
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The Museum of Lakeland Life & Industry's Joseph Hardman Collection
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