



Lakeland Arts Trust
Annual Report
& Accounts 2011





Contents

2	Legal & Administrative Information
3-9	Report of the Trustees
10-11	Independent Audit Report
12-13	Consolidated Statement of Financial Activities
14	Consolidated Balance Sheet
15-29	Notes Forming Part of the Financial Statements

Legal & Administrative Information

Charity Number

526980

Principal Office

Abbot Hall
Kendal
Cumbria
LA9 5AL

Trustees

Adam C I Naylor MA PhD (*to 18 February 2011*)

Elizabeth (Pit) Rink BSc MPhil

Martin Ainscough BSc DL

Henry C F Bowring MA JP DL

Anthea Case CBE BA FRSA

Michael Clarke CBE FRSE

Charles Crewdson OBE JP

Charlie Gere MA PhD (*from 28 October 2011*)

Annie Graham BA

Robert Hasell-McCosh (*to 22 July 2011*)

Jocelyn M Holland MA

Sara Keegan

John Martin Robinson MA DPhil DLitt FSA

Peter B Rogers CBE BA(Econ) MSc

Officers

Gordon B Watson BA AMA

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 2011.

The legal and administrative information set out on page two 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 2011 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 1 Listed villa on the banks of the River Kent in Kendal, and 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 2011 there were a number of changes in the Board of Trustees. Martin Ainscough was appointed as Chairman, taking over from Adam Naylor at the first meeting of the year. The Chairman and 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. In addition the Chairman and the Board would like to thank retiring Trustee; Robert Hasell-McCosh for his contribution to the Trust and welcome Charlie Gere.

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.

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.

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, which 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 1 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 five of the accounts.

Achievements and Performance

At the heart of the Trust's activities is the Artistic Programme which takes place at all sites and includes exhibitions, displays

and events. Taking inspiration from these activities is the Trust's Learning programme which encourages participants of all ages to 'look, explore and discover'.

The Trust celebrated Blackwell's tenth anniversary year in 2011 and organised lots of activities which explored aspects of Blackwell and the Arts & Crafts movement. One of the highlights of the year was the summer exhibition which looked at the work of two outstanding Arts & Crafts architect/designers; Charles Francis Annesley Voysey and Mackay Hugh Baillie Scott, architect of Blackwell. The exhibition brought together textiles, metalwork, furniture and architectural plans.

One of the highlights of 2011's artistic programme at Abbot Hall was the *Drawn from Life* exhibition, which was a partnership between the Trust and Green Cardamom. Green Cardamom is an arts organisation based in London that works with international artists. The exhibition focused on an expanded idea of 'drawing' across time, continents and media and was one of the largest international exhibitions that Abbot Hall has held to date. The show brought together works by over 20 artists from South Asia, Australia, the Middle East, Europe and the US. In addition to the exhibition the Trust commissioned three new pieces of work for the show which were inspired by the Trust's collection, the scenery of Lake District and the contrasting styles of architecture of Abbot Hall and Blackwell.

During 2011 the Trust put on the following temporary exhibitions and collection based displays:

Abbot Hall:

- Drawn from Life
- Sheila Fell
- Kitaj: Portraits and Reflections
- Richard Long: ARTIST ROOMS
- Shattered Landscapes: Sutherland, Piper and Neo-Romanticism in Post- War Britain
- Paula Rego
- The Great Picture

Blackwell:

- Roger Fenton and Julia Margaret Cameron: Early British Photographs in the Royal Collection
- Blackwell Within: A Photographic Exploration
- Ceramics by Philip Eglin: Mixed Marriage(s)
- MH Baillie Scott and CFA Voysey, The Lake District and Beyond: Arts & Crafts Houses and Furnishings
- Stanley Webb Davies

Museum of Lakeland Life & Industry:

- A History of Tourism in the Lakes
- Kendal's Port

The thriving Learning Programme at the Lakeland Arts Trust engages and inspires a wide variety of children and young people, from early years to Higher Education and beyond. In



2011, the Trust worked with around 2,000 children and young people across Cumbria, Lancashire and Yorkshire, affirming its place as one of the region's leading cultural venues. Through a varied and exciting programme of led workshops, sessions and projects, the Trust has strengthened ties with established audiences, whilst reaching out to new audiences for the future. Recent collaborative projects with local Primary and Secondary schools have developed our relationships with local communities and have enabled the Trust to work collaboratively with schools in developing new resources to facilitate and support school visits.

Highlights for the Learning team in 2011 included a collaboration with the Tate, National Galleries of Scotland and the Art Fund, for the *Richard Long* ARTIST ROOMS exhibition which was on show from October – December 2011. The team was successful in being awarded funding from the Art Fund to deliver an innovative and engaging learning programme centered around the exhibition, working with young people aged between 13-18. Funding was also awarded from the Prince's Foundation for the Children and the Arts for the year long 'Start' programme. The programme used the exhibition programme at Abbot Hall as a source of inspiration, culminating with two Lancashire schools creating artworks as a lasting legacy of their experiences.

The Trust's *What's On* guide continues to grow and for 2011 included artist tours, lectures, music, and walking tours.

Abbot Hall had 17,372 visitors in the year, a decrease of 30% on the previous year which included one of the Trust's most successful exhibitions in the history of the gallery, *The Loneliness of Lowry*. Visitors to the Museum of Lakeland Life and Industry also decreased by 18% to 9,319, due to the overall reduction in footfall to the site. At Blackwell visitor numbers were 35,630 a decrease of 7.8% against 2010.

The Lakeland Arts Trust continues to strengthen its brand through a marketing mix of literature and social media. Regular social media activity, an email newsletter and the website has made communications with existing and developing audiences consistent and more timely. The Trust has also increased the database; the Trust is now in regular contact with over 2000 supporters and followers. Partnerships with Cumbria Tourism, South Lakeland District Council and MLA Renaissance North West, have matured into strong productive relationships which have improved regional communications with 'decision makers'.

Impressively the Trust has over 150 active volunteers, 1,339 Friends and 65 Patrons and Benefactors. 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 is actively recruiting more Friends for 2012 with the production of a leaflet and posters. Visitor data is currently being collected via *Standpoint*, which is supplying quality information about the Trust's visitor profile and drivers. The



Trust is investigating additional ways in which it can develop visitor information in order to better inform its programme.

The Trust was delighted that the Windermere Steamboat Museum was one of only five national projects that received a first-round pass from the Heritage Lottery Fund in the annual batch of major project grants in May 2011. The HLF awarded the Trust £0.5m development funding and initial support for a total grant application of £7.4m.

The award enabled the Trust to start work on the two immediate priorities: to raise the match funding of £2.6m and to select the design and project teams. The Trust worked with the Royal Institute of British Architects (RIBA) to run an international competition to select the architects. The competition received 114 expressions of interest and the jury panel shortlisted eight leading practices, each of which produced outstanding responses to the competition brief. In November the Panel chose Carmody Groarke, working with Arup engineers, as the winners. Carmody Groarke are an award-winning London based architectural studio, established in 2006 by Kevin Carmody and Andy Groarke. They have already gained a strong reputation for working in the arts and cultural sectors. Completed projects include: the permanent memorial to the 7 July 2005 terrorist bombings, Studio East Dining, a temporary restaurant overlooking the 2012 London Olympic site; the Architecture Foundation Headquarters in London; and exhibition designs in museums and galleries throughout the UK. In 2007 they were awarded the prestigious Building Design Young Architect of the Year and in 2010 were proud recipients of the Architectural Review's Emerging Architecture Award selected from over 340 entries worldwide.

Financial Review

The Consolidated Statement of Financial Activities shows total incoming resources of £1,543,050, an increase of 6.4% compared with 2010. This includes a 47% increase in voluntary income due to the receipt of the first part of the Heritage Lottery Funding in relation to the £10m Windermere Steamboat Project, as well as some substantial donations from individuals toward the development costs of the museum. In addition to this, support from individuals as well as Trusts and Foundations came for the conservation programme at the museum. Further information on voluntary income is detailed in the notes to the accounts.

There was a 13% decrease in income from admission charges and a 7% decrease in income through trading operations as a result of the reduction in visitors to all three venues.

The trading subsidiary Abbot Hall Enterprises Ltd contributed £28,072 to the consolidated result, a decrease of 52% compared with 2010.

Total resources expended were £1,584,955. This is an increase of £194,847 (14%) compared with 2010

and includes £114,702 of expenditure in relation to the Windermere Steamboat Museum Project. In addition there was increased expenditure in relation to the programme of exhibitions and conservation of exhibits.

The market value of portfolio investments fell by £146,307 during the year.

The Net Movement of Funds for the year showed a decrease of £188,212 which is essentially attributable to investment losses and the Trust's operating loss for 2011.

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

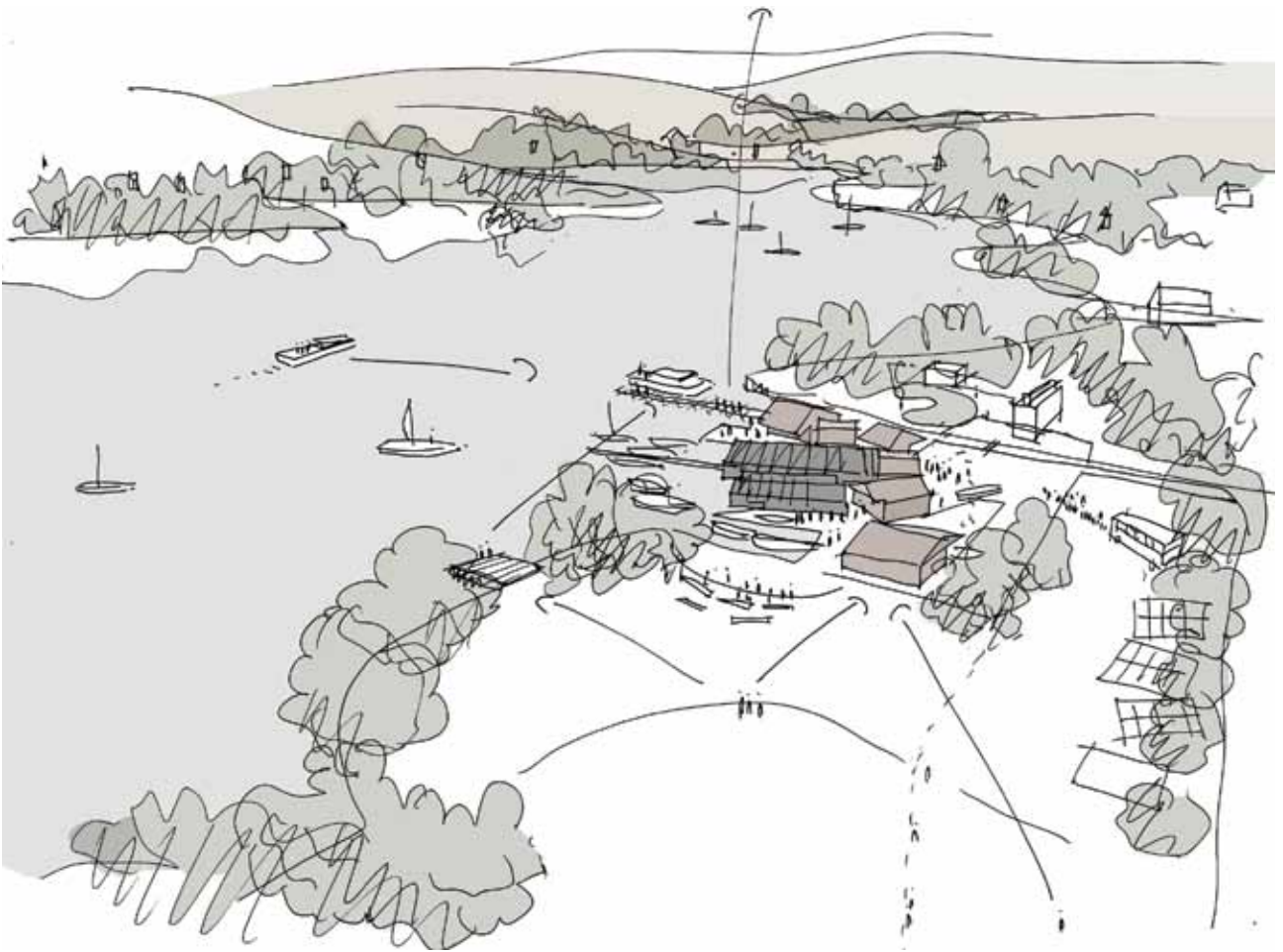
The main features of the Trust's reserves policy are as follows:

- 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;
- 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 and development;
- 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: £154,847 (2010: £264,686)

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 2011 represents approximately 2 months' cover.

2. Abbot Hall Maintenance Fund: £176,903 (2010: £195,202)
3. Blackwell Maintenance Fund: £125,249 (2010: £115,782)

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: £57,964 (2010: £49,094)

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 adopted a new strategic plan in 2011 with strategic priorities and objectives which the Trust will deliver over the period 2012-2014. The five strategic priorities are:

- to develop ambitious exhibitions and deliver artistic, learning and activity programmes based around the Trust's collections, historic buildings and locality;
- to manage and develop the Trust's resources to ensure the Trust's ongoing financial viability, independence and environmental sustainability;
- to deliver high quality across all the Trust's activities and to meet high standards of collection care and building management;
- to achieve excellence by inspirational leadership and management and by building effective teams; and
- to have a positive impact on local people, visitors, and the economic viability of the Lake District, Cumbria and the North West.

The Lakeland Arts Trust will increase the support that it receives from Arts Council England from April 2012 as the Trust will become a National Portfolio Organisation and, through the Cumbria Museum Consortium with the Wordsworth Trust and the Tullie House Museum and Gallery Trust, a Major Partner Museum.

The strategic approach and the additional funding will enable the Trust both to use its existing resources more effectively and to increase investment in programming, learning and audience development and developing access to and use of the Trust's permanent collections.

Highlights of the artistic programme in 2012 will include the series of exhibitions and displays at Abbot Hall Art Gallery

to mark the 50th anniversary of the opening of the Gallery in 1962. The year opens with *Turner and His Contemporaries*, an exhibition of works from the Hickman Bacon Collection, probably the most significant private collection of water colours in the world. This is followed by *Abbot Hall at Fifty*, showing works from the Trust's permanent collection acquired over the past 50 years. The main summer show will be *Francis Bacon to Paula Rego* featuring many of the finest British painters of the past 40 years. The autumn show will feature the work of Hughie O'Donoghue who is one of the most ambitious painters at work today. His large scale canvases focus on subjects such as history, memory and myth. The Trust also has a busy programme planned for Blackwell including a major survey of Arts & Crafts stamped book cover design in the exhibition *From Rossetti to Voysey*, and new works by the exciting young ceramicist Halima Cassell. A fresh development will be *Exposed* the newly commissioned sculpture by Laura Ellen Bacon which she will create from willow on site to cascade down from the first floor of the house to the lower terrace.

The Trust will extend the activities that support exhibitions and displays in 2012, particularly developing the learning programme, working more with local communities and involving young people, families and visitors in the Trust's activities. This is one of many areas where the Trust will build on new partnerships within and beyond the cultural sector.

The Trust's priority capital project in 2012 will be to complete the development stage of the Windermere Steamboat Museum to RIBA Stage D (detailed design) and to prepare the second round application to the Heritage Lottery Fund with the aim of securing a total HLF grant of £7.4m towards the full project cost of £10m. An essential part of this will be to raise matching funding of £2.6m and the Trust will be continuing to approach individuals, companies and trusts and foundations to achieve this as well as applying for strategic public funding.

Abbot Hall is very important to the Trust, local people and visitors to Kendal. As well as celebrating the past half century, the Trust will develop plans for the future. The Trust will complete a study in 2012 to develop a long-term vision and sustainable business plan for the whole of the Abbot Hall site. This will include preparing realistic plans for delivering the necessary changes to transform and raise awareness of what the Trust offers at Abbot Hall Art Gallery and the Museum of Lakeland Life and Industry. During 2012 the Trust will also improve the gallery shop at Abbot Hall, with the support of the Monument Trust, Sir John Fisher Foundation and the Friends of the Trust, and modernise the Coffee House with the aim of improving the visitor experience and the financial return to the Trust.

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).

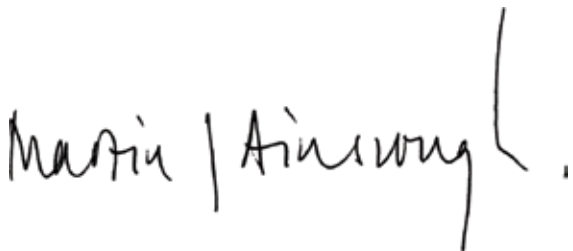
The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that period. In preparing these 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 2011, 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:



Martin Ainscough
(Chair)

6 July 2012



Independent Audit Report

We have audited the financial statements of the Lakeland Arts Trust for the year ended 31 December 2011, 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with 154 of the Charities Act 2011. 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 page 9, 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 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 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 2011, and of its incoming resources and application of resources for 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 2011.

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 2011 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 records or returns; or
- we have not received all the information and explanations require for our audit.



Stables Thompson & Briscoe
Statutory Auditor and Chartered Accountants
Lowther Street
Lowther House
Kendal LA9 4DX

6 July 2012

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



Consolidated Statement of Financial Activities

(Including Income and Expenditure Account)

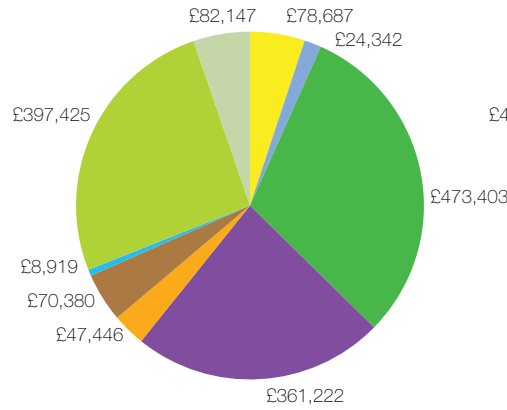
For the Year Ended 31 December 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Endowment Funds £	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary income;</i>						
Grants, donations, bequests and sponsorship	4	164,056	412,376	0	576,432	391,843
<i>Activities for generating funds;</i>						
Commercial trading operations	5	359,485	0	0	359,485	386,494
Commission on sale or return items	5	37,940	0	0	37,940	39,562
Investment income	6	37,136	33,244	0	70,380	68,791
Incoming resources from charitable activities						
Admission charges		408,668	0	0	408,668	472,262
Education income		8,919	0	0	8,919	8,782
Other incoming resources	7	81,226	0	0	81,226	82,147
Total Incoming Resources		1,097,430	445,620	0	1,543,050	1,449,881
RESOURCES EXPENDED						
Cost of generating funds						
Cost of generating voluntary income		26,913	0	0	26,913	24,085
Fundraising trading; Commercial trading operations	5	369,353	0	0	369,353	367,224
Investment management costs		0	0	(576)	(576)	(100)
Charitable activities						
Cost of operating Art Gallery, Museums, Arts & Crafts House	8	716,850	385,532	0	1,102,382	952,982
Governance costs						
Cost of managing and administering the charity	9	86,883	0	0	86,883	45,917
Total Resources Expended		1,199,999	385,532	(576)	1,584,955	1,390,108
Net incoming/outgoing resources before transfers		(102,569)	60,088	576	(41,905)	59,773
OTHER RECOGNISED GAINS/LOSSES						
<i>Gains on revaluation of fixed assets:</i>						
Gains/losses on investment assets		(13,026)	0	(133,281)	(146,307)	146,016
Net Movement of Funds		(115,595)	60,088	(132,705)	(188,212)	205,789
RECONCILIATION OF FUNDS						
Fund balances as at 1st January 2011		639,044	65,161	1,597,307	2,301,512	2,095,723
Net movement in funds as above		(115,595)	60,088	(132,705)	(188,212)	205,789
Fund balances at 31st December 2011		523,449	125,249	1,464,602	2,113,300	2,301,512

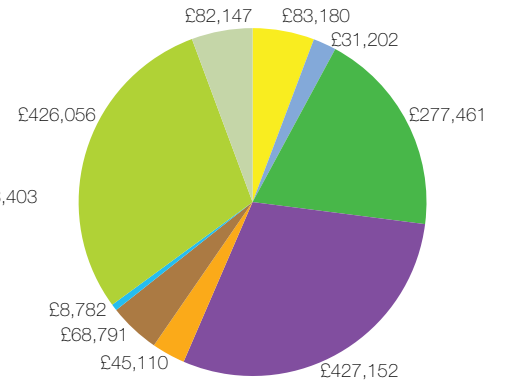
Incoming Resources

- 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

2011



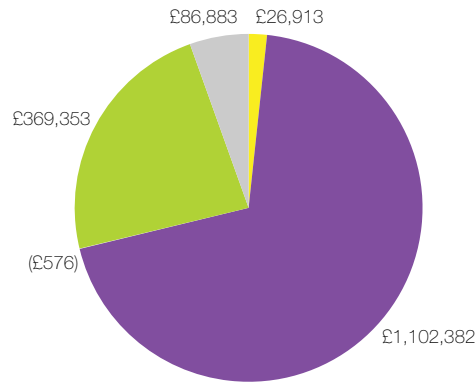
2010



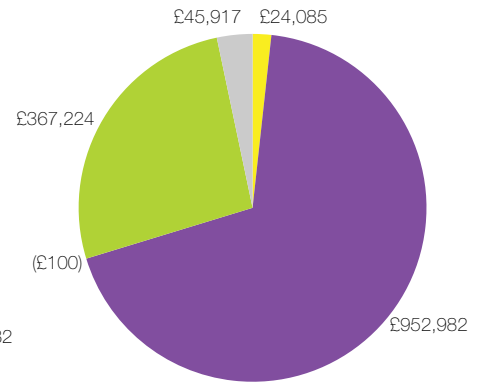
Resources Expended

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

2011



2010



Consolidated Balance Sheet

As at 31 December 2011

	Notes	Consolidated 2011 £	Consolidated 2010 £	Trust 2011 £	Trust 2010 £
FIXED ASSETS					
Tangible Assets	10	6,330	15,948	6,330	15,948
Investments: At Market Value	13	1,790,587	1,936,894	1,790,589	1,936,896
Total Fixed Assets:		1,796,917	1,952,842	1,796,919	1,952,844
CURRENT ASSETS					
Stock		47,170	31,259	0	0
Debtors and Prepayments	14	353,923	71,046	384,240	77,662
Cash at Bank and in Hand		358,198	452,210	350,099	440,640
Total Current Assets:		759,291	554,515	734,339	518,302
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	15	438,734	201,671	427,782	179,458
Grants in Advance		4,174	4,174	4,174	4,174
Total Current Liabilities:		442,908	205,845	431,956	183,632
Net Current Assets:		316,383	348,670	302,383	334,670
Total Assets less Current Liabilities		2,113,300	2,301,512	2,099,302	2,287,514
THE FUNDS OF THE CHARITY					
Unrestricted Funds	17	523,449	639,044	509,451	625,046
Restricted Funds: Endowment Fund		628,328	686,973	628,328	686,973
Blackwell Endowment Fund		836,274	910,334	836,274	910,334
Other Restricted Funds		125,249	65,161	125,249	65,161
Total Charity Funds		2,113,300	2,301,512	2,099,302	2,287,514

The notes on pages 15 to 29 form part of these accounts.
Approved by the Trustees on 6 July 2012

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 2008, the Charities Act (2011) 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 and 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 7 (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

f) 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
- Tractors 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 at the balance sheet date, except for property which includes:

18 Peppercorn Lane, valued during 2010 at £107,000
9 Church Walk, purchased during 2011 for £270,000

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 1. The buildings house a valuable collection of works of art and museum exhibits. The Trust also has a freehold interest in the Grade 1 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 and 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; these funds which can be used in accordance with the charitable objects at the discretion of the Trustees, and unrestricted designated funds; 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.

Designated funds consist of:

- i. Acquisition Funds, 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.

Restricted endowment funds – these 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 13).

Movements on funds during 2011 are given under note 17.

Restricted funds – 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.

4. Voluntary Income

	2011 £	2011 £	2011 £	2011 £	2010 £
	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total	Total
Arts Council England (North West)	78,687	0	0	78,687	83,180
Heritage Lottery Fund	0	0	51,427	51,427	0
Foyle Foundation	0	0	45,000	45,000	0
L.D.A.G.A.M.T. Support Trust	0	0	43,830	43,830	38,109
The Headley Trust	0	0	35,875	35,875	32,083
The Northern Rock Foundation	0	0	35,000	35,000	35,000
Lisbet Rausing	0	0	30,000	30,000	0
Benefactors and Patrons	24,342	0	0	24,342	31,202
The Murray Family	0	0	23,500	23,500	0
John Ellerman Foundation	0	0	20,000	20,000	20,000
Arts Council England (North West) -Additional Funding	18,000	0	0	18,000	62,000
The Sir John Fisher Foundation	15,000	0	0	15,000	12,000
South Lakeland District Council	14,500	0	0	14,500	14,500
The Granada Foundation	0	0	10,000	10,000	0
The Henry Moore Foundation	0	0	10,000	10,000	0
Renaissance North West	0	0	10,000	10,000	5,640
ArtFund	0	0	9,900	9,900	0
Gannett Foundation	0	0	7,790	7,790	0
Charles Hayward Foundation	0	0	6,510	6,510	0
T J R Harding	0	0	6,250	6,250	0
Adam Naylor	0	0	6,000	6,000	0
The estate of the late Barbara Mary Harrison	5,000	0	0	5,000	0
Vivien Rink	0	0	5,000	5,000	0
Rathbones	0	0	5,000	5,000	0
Mary E Burkett OBE	0	0	5,000	5,000	0
Marlborough Fine Art	0	0	5,000	5,000	0
The estate of the late Marie Corinne Gillian Bennett	0	0	5,000	5,000	0
The Princes Foundation for Children & the Arts	0	0	4,900	4,900	0
The John S Cohen Foundation	0	0	4,000	4,000	0
William Anelay Ltd	0	0	3,000	3,000	0
Westmorland Arts Trust	254	0	2,500	2,754	4,071
Peter Mimpriss	0	0	2,500	2,500	0
Lady Grantchester	0	0	2,500	2,500	0
Mrs M H Pitkethly	0	2,000	0	2,000	0
The Transport Trust	0	0	2,000	2,000	0

The estate of the late Robin Wallace-Sims	0	0	2,000	2,000	0
Charlotte Bonham-Carter Charitable Trust	0	0	2,000	2,000	3,500
V&A Purchase Grant Fund	0	0	1,890	1,890	0
Peter Rogers	0	0	1,250	1,250	0
Dorothy A Bullough	0	0	1,250	1,250	0
Mr T P Naylor	0	1,000	0	1,000	0
Peter Marshall	0	0	1,000	1,000	0
Kendal Arts International	0	0	975	975	0
Jocelyn Holland	0	0	625	625	0
Sarasin & Partners LLP	0	0	600	600	0
National Maritime Museum	0	0	540	540	0
Kendal Town Council	500	0	0	500	500
Renault UK	500	0	0	500	0
Private donation	500	0	0	500	0
The Craft Pottery Charitable Trust	0	0	500	500	0
Lakeland Museums' Education Network	120	0	300	420	757
Tony Collinson	0	0	300	300	0
Annie Graham	0	0	300	300	0
J H F Fryer Spedding	0	0	250	250	0
Lord Chorley	0	0	250	250	0
South Lakeland District Council	0	0	200	200	0
Michael Clarke	0	0	188	188	0
Windermere Model Boat Club	0	0	155	155	0
Mrs G Baxter	0	0	100	100	0
Mr David Barrie	0	0	81	81	0
Richard Clough	0	0	50	50	0
Susan & Graham Sinagola	0	0	50	50	0
Mrs E M Barrie	0	0	40	40	0
Other donations including Gift Aid	3,653	0	0	3,653	5,966
Gilkes	0	0	0	0	20,000
University of Cumbria	0	0	0	0	4,000
Cumbria County Council	0	0	0	0	3,750
The Worshipful Company of Goldsmiths	0	0	0	0	3,500
Golsoncott Foundation	0	0	0	0	2,500
Chalcroft Charitable Trust	0	0	0	0	2,000
Mrs DEC Marshall	0	0	0	0	1,992
Lake District National Park Authority	0	0	0	0	1,223
engage	0	0	0	0	1,171
Business in the Arts North West	0	0	0	0	1,000
Centre for Assessment & Recognition	0	0	0	0	1,000
Manchester International Arts	0	0	0	0	950
Lakeland Limited	0	0	0	0	250
	161,056	3,000	412,376	576,432	391,843

5. Commercial Trading Operations – Abbot Hall Enterprises Ltd.

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:

	£	2011 £	£	2010 £
Sales of Goods	357,610		382,877	
Conservation & Reproduction Services	1,875		3,617	
		359,485		386,494
Less Cost of Sales	151,556		155,612	
Conservation & Reproduction Services	1,591		1,550	
		153,147		157,162
Gross Profit on Sale of Goods		206,338		229,332
Commission on Sale or Return Items		37,940		39,562
Total Income		244,278		268,894
Employment Costs	199,826		197,802	
Rent	4,800		4,800	
Audit fees	1,895		1,695	
Repairs & Maintenance	7,097		3,459	
Publicity	785		435	
Professional Fees	865		1,152	
Security Charges	95		103	
I.T.	431		388	
Miscellaneous Expenses	412		228	
		216,206		210,062
Net Profit		28,072		58,832
Profits transferred to Lakeland Arts Trust.		(28,072)		(58,832)
Retained profit for the year		0		0

The Balance Sheet at 31 December was:

	£	2011 £	£	2010 £
Current Assets				
Retail Stocks	47,170		31,259	
VAT	246,102		0	
Sundry Debtors and Prepayments	350		423	
Cash at Bank and on hand	8,099		11,570	
		301,721		43,252
Current Liabilities				
Lakeland Arts Trust Current Account	276,781		7,124	
Sundry Creditors	10,938		22,126	
		287,719		29,250
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 £1,145,625 (2010: £1,023,825) and the net movement in funds would be -£216,284 (2010: £146,957).

6. Investment Income

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

	£	2011 £	£	2010 £
Endowment Fund				
UK Global Balanced	18,697		20,165	
Property	5,040		3,301	
Cash & Money Market	0		598	
		23,737		24,063
Blackwell Endowment Fund				
UK Global Balanced	33,244		31,494	
Cash & Money Market	0		620	
		33,244		32,115
Unrestricted funds				
UK Global Balanced	13,201		12,455	
Cash & Money Market	198		159	
		13,399		12,613
		70,380		68,791

7. Other Incoming Resources

	2011 £ Unrestricted Funds	2011 £ Restricted Funds	2011 £ Total	2010 £ Total
Parking	39,860	0	39,860	38,146
VAT recovered on backdated registration	14,475	0	14,475	0
Rent	8,344	0	8,344	5,625
Rates rebate	4,317	0	4,317	0
Other	2,394	0	2,394	2,082
Commission on exhibition sales	2,652	0	2,652	1,759
Char boat licences	2,233	0	2,233	2,113
Damages recharged	1,894	0	1,894	0
Electricity recharged	1,512	0	1,512	0
Bridgeman Art Library	1,425	0	1,425	1,522
Book sales	665	0	665	405
Windermere Model Boat Club	550	0	550	575
SLDC community toilet scheme	500	0	500	0
Windermere Model Waterplane Flyers	405	0	405	230
Insurance Claim	0	0	0	29,690
	81,226	0	81,226	82,147

8. Charitable Activities

	2011 £ Unrestricted Funds	2011 £ Unrestricted Designated Funds	2011 £ Restricted Funds	2011 £ Total	2010 £ Total
Acquisitions for permanent collection	0	9,230	1,890	11,120	0
Conservation of exhibits	551	0	38,974	39,525	16,198
Depreciation of Furniture & Equipment	0	1,424	0	1,424	1,424
Depreciation of Steamboat plant	0	0	2,167	2,167	32,649
Education & Learning	7,340	0	32,014	39,354	38,770
Equipment & Display	22,631	0	7,831	30,461	22,550
Exhibition Programmes	6,052	0	89,500	95,552	57,659
Maintenance of Buildings & Contents:					
Heating, Lighting & Cleaning	7,292	0	38,244	45,536	44,928
Insurance	23,112	0	0	23,112	20,793
Rent, Rates and Water	21,903	0	0	21,903	23,677
Repairs & Maintenance	15,314	33,312	25,000	73,626	108,683
Marketing	34,652	0	10,000	44,652	44,315
Other	9,643	0	43	9,685	9,119
Printing, Postage, Stationery and Telephone	27,230	0	0	27,230	26,724
Professional fees	52,329	0	4,999	57,328	37,117
Recruitment	1,848	0	0	1,848	4,534
Salaries & Associated Employment Costs	367,096	0	79,705	446,801	444,455
Staff Development & Training	1,850	0	0	1,850	9,055
Subscriptions	3,528	0	0	3,528	1,863
Travel, Subsistence & Motor, incl. Depreciation	7,241	0	3,738	10,978	8,469
Windermere Steamboat Museum Project	63,275	0	51,427	114,702	0
	672,884	43,966	385,532	1,102,382	952,982

9. Governance Costs

	2011 £ Unrestricted Funds	2011 £ Restricted Funds	2011 £ Total	2010 £ Total
Salaries & Employment Costs	83,286	0	83,286	42,046
Audit Fees	3,597	0	3,597	3,872
	86,883	0	86,883	45,917

10. Tangible Fixed Assets

Movements on the fixed assets during 2011 were:

	Steamboat Plant £	Furniture & Equipment £	Tractors £	Total £
Asset cost, valuation or revalued amount				
At 1 January 2011	173,570	14,957	14,950	203,477
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 December 2011	173,570	14,957	14,950	203,477
Accumulated depreciation				
At 1 January 2011	(169,238)	(9,569)	(8,721)	(187,528)
Disposals	0	0	0	0
Charge for year	(2,167)	(3,714)	(3,738)	(9,619)
At 31 December 2011	(171,405)	(13,283)	(12,459)	(197,147)
Net book value				
At 1 January 2011	4,332	5,388	6,228	15,948
At 31 December 2011	2,165	1,674	2,491	6,330

11. Financial Summary of Heritage Asset Transactions

Movements on the heritage assets were:

	2011 £	2010 £	2009 £
Purchases			
Pair of Baillie Scott Chairs	5,000	0	0
Seated Madonna by Philip Eglin	3,780	0	0
Blackwell, Decorative Panel	0	0	7,500
Donations:			
W G Collingwood & family, Assorted Watercolours	15,000	0	0
Robert Priseman 'Escalator'	5,000	0	0
Rigmaden (early 20th Century motor boat)	0	500	0
Total Additions	28,780	500	7,500
Disposals:			
Carrying value	0	0	0
Disposal proceeds	0	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.

12. 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 1 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 and 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 and 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 and 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.

13. Investments

	Endowment Fund £	Blackwell Endowment Fund £	General Fund £	Total £
Investment Portfolio				
Market Value as at 1 January 2011	689,104	908,779	339,011	1,936,894
Additions	270,631	672	10,872	282,175
Disposal proceeds	(270,000)	0	(220,839)	(490,839)
Movement on cash income account	(631)	(672)	(33)	(1,336)
Net investment gains/(losses)	(60,776)	(72,505)	(13,026)	(146,306)
Market Value as at 31 December 2011	628,328	836,274	115,985	1,580,587
Cash held as part of portfolio	0	0	210,000	210,000
Value of portfolio as at 31 December 2011	628,328	836,274	325,985	1,790,587
Historical cost as at 31 December 2011	522,184	870,470	238,036	1,630,690

UK Listed investments are represented by:

	£	2011 £	£	2010 £
Endowment Fund				
UK Global Balanced	251,328		581,473	
Property	377,000		107,000	
Cash	0		631	
Blackwell Endowment Fund				
UK Global Balanced	836,274		908,107	
Cash	0		672	
General Fund				
UK Global Balanced	115,985		338,978	
Cash & Money Market	210,000		33	
		1,790,587		1,936,894

Investments held by the Trust also include an additional £2 (2010: £2) investment in the subsidiary company, Abbot Hall Enterprises Ltd at cost (see note 5).

14. Debtors & Prepayments

	Consolidated 2011 £	Consolidated 2010 £	Trust 2011 £	Trust 2010 £
Trade Debtors	6,384	14,457	6,022	13,949
VAT	246,102	0	0	0
Other taxes and social security	522	522	522	522
AHEL Current Account	0	0	276,781	7,124
Prepayments	44,253	53,473	44,253	53,473
Grant Income Due	48,317	0	48,317	0
LDAG&MT Support Trust	8,345	2,594	8,345	2,594
	353,923	71,046	384,240	77,662

15. Creditors & Provisions

	Consolidated 2011 £	Consolidated 2010 £	Trust 2011 £	Trust 2010 £
VAT	241,556	0	241,556	0
Trade Creditors	60,978	45,490	51,832	35,958
Other taxes and social security	27,485	32,106	27,485	21,271
Accruals	75,659	84,023	73,864	82,328
Other creditors	33,056	40,052	33,045	39,901
	438,734	201,671	427,782	179,458

16. Analysis of Group Net Assets Between Funds

	Unrestricted £	Restricted £	Endowment £	Total £
Tangible Fixed Assets	338	5,992	0	6,330
Investments	325,985	0	1,464,602	1,790,587
Cash at Bank & in Hand	238,941	119,257	0	358,198
Other Current Assets	401,093	0	0	401,093
Current Liabilities	(442,908)	0	0	(442,908)
	523,449	125,249	1,464,602	2,113,300

17. Reconciliation of Movement in Funds

	Opening funds as at 1 January 2011 £	Incoming Resources £	Resources Expended £	Transfers/ Investment Gains/ (Losses) £	Closing funds as at 31 December 2011 £
Unrestricted funds:					
General funds	264,686	1,094,430	(1,156,033)	(48,236)	154,847
Unrestricted designated funds:					
Acquisition funds	13,039	3,000	(9,230)	436	7,245
Maintenance funds Abbot Hall	195,202	0	(33,312)	15,013	176,903
Maintenance funds Blackwell	115,782	0	0	9,467	125,249
Development funds	49,094	0	(1,424)	10,294	57,964
Conservation funds	1,241	0	0	0	1,241
Total Unrestricted funds	639,044	1,097,430	(1,199,999)	(13,026)	523,449
Restricted funds:					
Education funds	3,910	21,377	(13,014)	0	12,273
Exhibitions & Collections funds	0	130,290	(123,500)	0	6,790
Acquisition funds	0	1,890	(1,890)	0	0
Abbot Hall funds	0	73,830	(73,830)	0	0
Blackwell funds	11,603	38,244	(38,788)	0	11,059
Aurelius Trust (Blackwell library)	1,629	0	(43)	0	1,586
Boat conservation funds	33,830	71,879	(74,846)	0	30,863
Steamboat Museum Project capital funds	0	108,110	(51,427)	0	56,683
Steamboat Museum Fixed Assets	14,189	0	(8,194)	0	5,995
Total Restricted funds	65,161	445,620	(385,532)	0	125,249
Endowment funds:					
General Endowment	686,973	2,131	0	(60,776)	628,328
Blackwell Endowment	910,334	0	(1,555)	(72,505)	836,274
Total Endowment funds	1,597,307	2,131	(1,555)	(133,281)	1,464,602
Total	2,301,512	1,545,181	(1,587,086)	(146,307)	2,113,300

18. Trustees Remuneration and Expenses

The Trustees neither received nor waived any emoluments during the year (2010: £nil).

Out of pocket expenses were reimbursed to Trustees as follows:

	2011 £	2010 £
Travel	452	123

19. Employees

The employees of the Trust during 2011, expressed as average annual full time equivalent numbers, consisted of

	Abbot Hall	Blackwell	Steamboat Museum	
Management, curatorial, marketing & education	5.6	8.3	1.0	
Administration	1.0	3.5	0	
Desk/shop staff	2.8	3.5	0	
Coffee Shop & Tea Room	4.0	6.5	0	
Other	0.8	0.8	0.6	
Total	14.2	22.6	1.6	38.4

20. Staff Costs

	2011 £	2010 £
Wages and Salaries	705,001	659,025
Social Security Costs	54,150	53,350
Pension Costs	20,000	19,775
	779,151	732,150

There were no full time/regular employees whose pay and taxable benefits exceeded £60,000 (2010: no full time/regular employees whose pay and taxable benefits exceeded £60,000).

21. 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 £20,000 has been made in 2011 (2010: £19,775), in line with the amount which would have been payable for the year.

22. Contingent Liability

During 2011 clarification was sought from Cumbria County Council on the likely size of the Trust's pension scheme deficit, and the Trust is currently considering its position. The amount of the ongoing deficit was provisionally put at £297k with repayment spread over 10 to 15 years. But a higher least risk sum of £652k would be required should crystallisation become necessary. The Trust is currently taking advice on its options.

23. 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.

24. Related Party Transactions

A number of the Trustees are Patrons and Benefactors of the Trust. During 2011 the total amount received from Trustees was £5,750 (2010: £8,500).

In addition, donations totalling £7,950 (2010: £20,000) were received during the year from Trustees:

	2011 £	2010 £
Adam Naylor	6,000	0
Peter Rogers	1,000	0
Jocelyn Holland	500	0
Annie Graham	300	0
Michael Clarke	150	0
Gilbert Gilkes & Gordon*	0	20,000
	7,950	20,000

* Charles Crewdson, a Trustee, is Chairman of Gilbert Gilkes and Gordon Ltd.

Images

Front & Back Covers: Richard Long recreating *River Avon Mud, Slow Hand Spiral* at Abbot Hall Art Gallery
River Avon Mud, Slow Hand Spiral © Richard Long
Photograph © Tony West Photography

Page 1: Philip Eglin, *Recumbent Nude*, 2006
Photograph © Oliver Eglin

Page 5 Top: Douglas White, *Black Sun*, 2009
© The Artist

Page 5 Middle: R.B. Kitaj, *Self-Portrait*, 2007
Private collection, London. Courtesy Marlborough Gallery, New York
© R.B. Kitaj Estate

Page 5 Bottom: MH Baillie Scott, *House for an Art Lover* competition entry, 1902

Page 7 Top & Bottom: Windermere Steamboat Museum concept designs
© Carmody Groarke

Page 9: Sheila Fell, *Skiddaw* (detail), 1964
Private Collection
© Anna Fell

Page 11: Abbot Hall Art Gallery October 2011
© Ben Barden Photography



Lakeland Arts Trust

Designed and published by the Lakeland Arts Trust © LAT
Registered charity no. 526980

This document is available in PDF format from our website,
or on request from anicholson@lakelandarts.org.uk or
telephone 015394 46139.

Lakeland Arts Trust

Abbot Hall
Kendal
Cumbria
LA9 5AL

www.lakelandartstrust.org.uk