The London Early Years Foundation

Annual report and accounts
2025/26

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Charity number 299686

Leyf Nurseries



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Message from our Chair and Chief Executive



The past financial year, April 2025 to March 2026, has been one of significant change for the Early Childhood Education and Care sector. Throughout this period, The London Early Years Foundation (LEYF) has remained steadfast in its commitment to delivering high quality early education while supporting children, families and communities across London. Our ability to do so reflects the strength of our social enterprise model, the dedication of our workforce and our determination to contribute positively to both our local communities and the wider sector.

This commitment is reflected in the strength and engagement of our employees. The results of our most recent employee engagement survey are particularly encouraging, with 88% of respondents reporting they feel proud to work for LEYF and 90% feeling motivated to do their best work. These outcomes reflect our continued investment in recruitment, retention, professional development and employee wellbeing, all of which are essential to maintaining quality and delivering impact.

As a social enterprise, we are committed not only to our own provision but also to strengthening the wider evidence base for Early Childhood Education and Care. During the year, we updated and republished our Twoness of Twos report, making it freely available to support educators in meeting the needs of two-year-olds, a cohort that will increasingly access extended provision. Through the London Institute of Early Years (LIEY), we have continued to contribute to research, professional dialogue and quality improvement, ensuring that learning from practice informs both policy and provision.

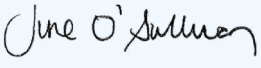
LEYF has also continued to play an active role in supporting both its own nurseries and the wider sector. Our cross-subsidy model remains a critical tool for sustaining provision in disadvantaged communities, including targeted support for local authorities such as Hillingdon. As local authorities face increasing pressure from demographic change, budget constraints and rising social care demands, these partnerships have become even more important in helping to maintain access to quality early education where it is needed most.

Alongside these achievements, the year has been marked by significant policy developments. Following the arrival of the Labour Government, there has been a clear commitment to deliver the most substantial expansion of funded childcare in recent history. The rollout of 30-hour funded provision to all eligible children from 9 months to 4 years signals a welcome recognition of the importance of early education and childcare for children, families and the economy. However, success will depend not only on access but also on sustainability. Without consistent funding and a more inclusive eligibility framework, there remains a real risk that the policy could unintentionally widen the disadvantage gap by excluding those children who would benefit most.

This concern was heightened by the unexpected financial pressure from the rise in National Insurance Contributions. The lack of an exemption for charities and social enterprises delivering government priorities has materially affected the sector's financial resilience. At the same time, the recent court ruling confirming that fee charges for food and consumables must be treated as voluntary contributions has introduced further uncertainty. For many providers, particularly in areas of higher deprivation, these charges have been a necessary means to bridge the gap between public funding and the real cost of delivery. The removal of this certainty places additional strain on already fragile business models.

Despite these external challenges, we remain confident in the value of our mission and are determined to help shape a more sustainable and equitable future for Early Childhood Education and Care. We believe that high quality early education is one of the most effective investments society can make. Through our nurseries, research, partnerships and advocacy, we will continue to champion sustainable, inclusive and socially purposeful approaches that ensure every child has the opportunity to thrive.

We are grateful to our Board of Trustees for their steadfast support and commitment to our social purpose as we continue to navigate a complex and evolving landscape.



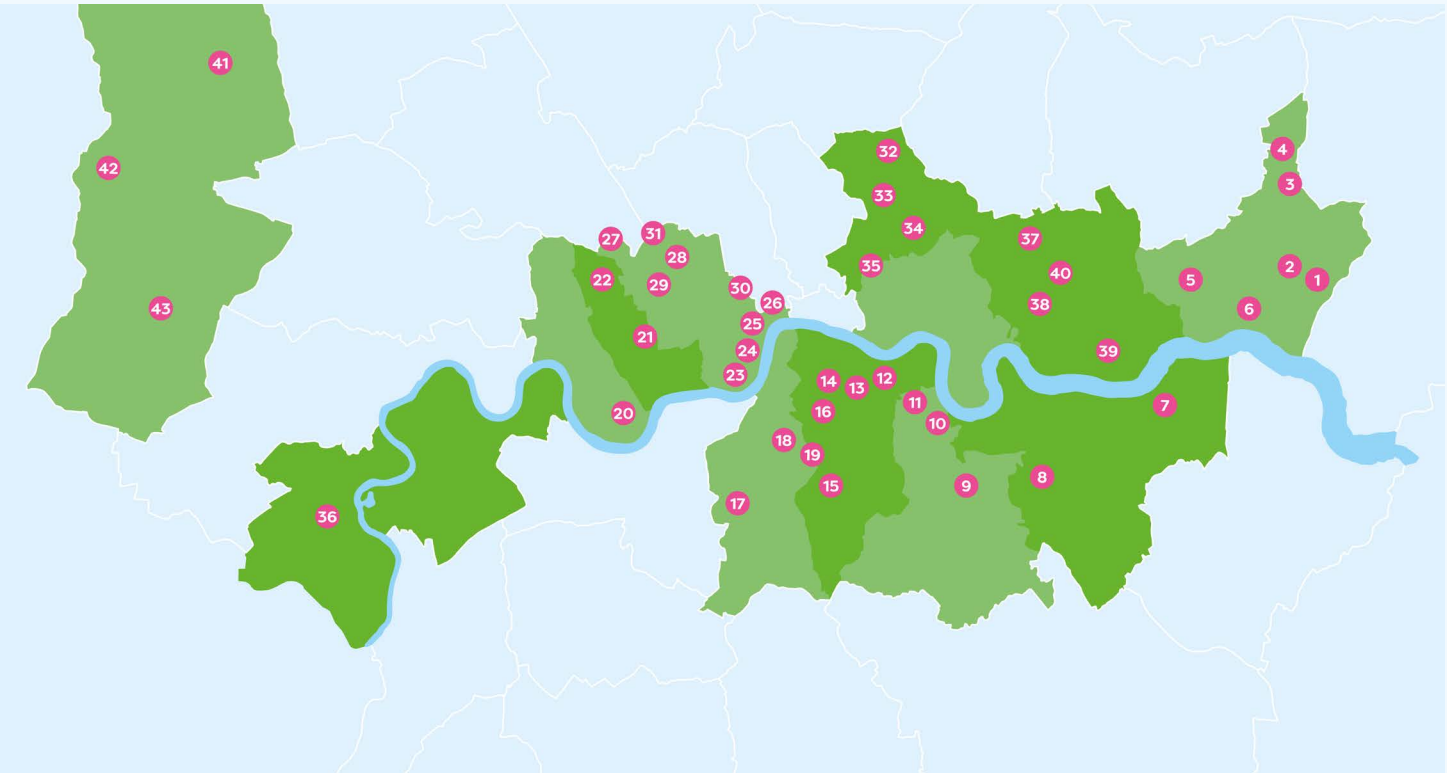
Dr June O'Sullivan OBE, Chief Executive



Michael Gartska, Chair

Who we are, what we do, our social purpose and social enterprise model

The London Early Years Foundation (LEYF) is the UK's largest charitable childcare social enterprise, with the ambition to 'change the world, one child at a time'. We currently have 43 nurseries across 13 London boroughs.



The Early Childhood Education and Care sector plays a critical role in reducing inequality, supporting families and enabling children to flourish. Yet access to high quality provision remains uneven, with children from disadvantaged backgrounds, those with Special Educational Needs and Disabilities (SEND), and families facing social and economic challenges often facing the greatest barriers to opportunity.

LEYF exists to address that challenge.
Our purpose is simple yet ambitious: to change the world, one child at a time, by ensuring every child, regardless of background or circumstances, has access to exceptional Early Childhood Education and Care.

Today, LEYF is one of the largest social enterprise nursery groups in the UK, operating 43 nurseries across London and supporting more than 4,000 children and their families. Around 75% of our nurseries are in areas of deprivation and disadvantage, reflecting our long-standing commitment to serving communities where high-quality provision can have the greatest impact.

Our history goes back more than 120 years. Founded in 1903 by a group of medical philanthropists concerned about the shocking mortality rates among mothers and babies in Westminster, the organisation has continually adapted to meet the changing needs of children, families and communities. In 2008, we became a social enterprise, creating a model that combines commercial acumen and business discipline with social purpose.

Who we are, what we do, our social purpose and social enterprise model

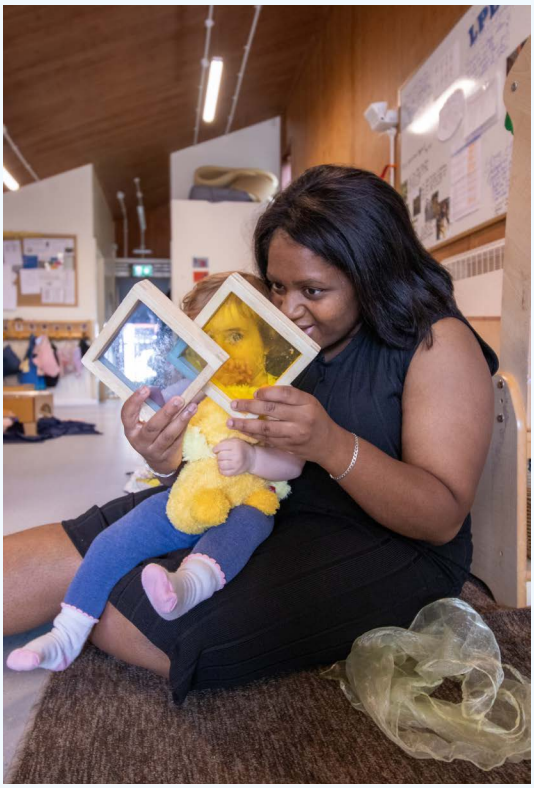


As a social enterprise, we reinvest our surpluses to improve quality, support disadvantaged communities, develop our workforce and extend our social impact. Our cross-subsidy model enables us to sustain nurseries in communities where provision might otherwise be difficult to maintain, ensuring social value remains at the heart of every business decision.

LEYF is distinctive for the way we combine social enterprise, pedagogy, research and advocacy to improve outcomes for children. We believe that excellent early education can be a powerful force for social justice. Our work is underpinned by a social justice pedagogy that seeks to ensure every child thrives, with particular attention to those most at risk of being left behind.

Alongside this, we have developed sector-leading approaches to inclusion, SEND, sustainability, and community engagement. Through the London Institute of Early Years, we bring together leadership, research, advocacy, and the scaling and replication of the LEYF model to strengthen our own practice and that across the wider sector, amplifying our impact nationally and internationally.

Our strategic ambition is to demonstrate that it is possible to combine financial sustainability with social purpose, delivering high quality early education while creating measurable social value for children, families, communities and society.



None of this would be possible without our people.
Our employees are our greatest asset. They bring expertise, commitment, creativity and compassion to their work every day. We are committed to fostering an inclusive, supportive and ambitious culture in which employees can learn, develop and build rewarding careers.

This commitment is evident in our workforce. In our most recent employee engagement survey, 85% of respondents reported that LEYF reflects the diversity of the communities we serve. 7% of our workforce is male, significantly above the sector average of around 2%. Employee retention remains strong, with an average length of service of five years, reflecting the positive workplace cultures across our teams.

We continue to invest heavily in professional development, offering pathways from apprenticeships to degrees, alongside leadership programmes, specialist qualifications, practice-based research and continuing professional development. Whether through our Early Years Chef Academy, Champion programmes, leadership pathways or action research projects, we aim to develop confident, reflective professionals who can improve outcomes, not only within LEYF, but also across the wider sector.

The sections that follow demonstrate how this combination of social purpose, high quality pedagogy, workforce development, research and partnership working, enables LEYF to create lasting impact for children, families and communities.

Our social purpose

4,443 children supported

1,497 funded-only places

2,367 part funded

1,903 private

149 apprentices

43 nurseries

1,038 employees

100% of nurseries rated Outstanding and Good by Ofsted (or equivalent)

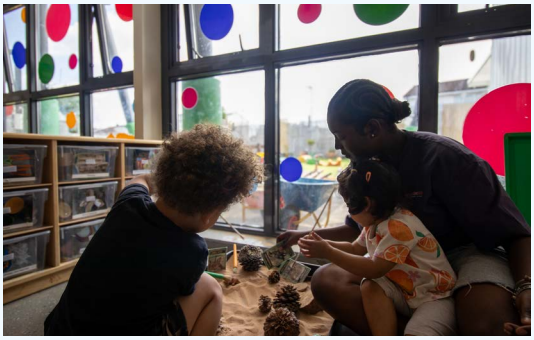
64 Parent NPS score

630 Working Parent Entitlement

Strategic ambition

At LEYF, we are building a future that is both financially sustainable and socially purposeful. Our strategy focuses on growing in ways that strengthen our impact, deepen our social mission and reinforce LEYF as the nursery brand of choice for families, employees and partners who share our values.







Our place-based growth strategy focuses on expanding capacity in existing nurseries and developing new provision in communities with insufficient access to high quality early education, particularly in areas of disadvantage.

At the same time, we are investing heavily in our workforce, because our people are our greatest asset. Through workforce planning, leadership development, apprenticeships, and a reward strategy aligned to our charitable purpose, we are working to ensure LEYF remains a place where talented people can build meaningful careers with purpose and pride.

We are also strengthening our understanding and measurement of social impact so we can better evidence the difference high quality Early Years education makes to children, families and communities. This includes maintaining a balanced and inclusive place mix across London while continuing to influence wider sector policy and practice.

Alongside this, we are modernising our digital and operational infrastructure to improve data, efficiency, and the user experience for employees and families. We are also continuing our commitment to sustainability and our ambition to achieve net-zero by 2035.

Taken together, these actions are about building a resilient, values-led organisation that remains ambitious for children, courageous in its social mission, and deeply committed to creating a fairer society through early education.

Supporting all children



LEYF welcomes all children, including those with Special Educational Needs and Disabilities (SEND), who are too often unable to access suitable provision elsewhere. Supporting children with additional needs is not an optional extra at LEYF; it is central to our social justice mission and our commitment to ensuring every child can thrive.

The number of children requiring additional support in our nurseries continues to rise, reflecting both greater identification of need and the growing complexity of children's developmental, communication and social-emotional challenges. We remain committed to ensuring that children can access timely, relevant and effective support, enabling them to participate fully in nursery life and to achieve their potential.

453
SEND children in the year

Alongside our direct practice, LEYF continues to contribute to national discussions on SEND policy and provision. Throughout the year, we actively contributed to the development of the forthcoming SEND reforms by participating in the Early Years Expert Advisory Group and maintaining ongoing engagement with the Department for Education. This work enables us to bring frontline experience to policy discussions while ensuring our practice remains informed by emerging developments.

Our SENDCo Induction Pack supports newly trained Special Educational Needs Coordinators (SENDCos) in developing the knowledge, confidence and competence required for their role. The induction programme clarifies SENDCo responsibilities and emphasises their role in monitoring the effectiveness of provision, coordinating support for children with identified needs, and advising colleagues on inclusive practice and early intervention strategies.

The LEYF SEND Toolkit continues to underpin our Ordinarily Available Provision (OAP). OAP comprises high quality teaching approaches, adaptations and support strategies that should be available to all children, regardless of diagnosis or formal identification of need. At LEYF, this provision is informed by our social justice pedagogy, the LEYF Pedagogy Development Scales (LPDS) and our SEND Toolkit, helping to ensure consistency and equity across our nurseries.

Supporting all children







Professional development remains a priority. We continue to offer all SENDCos the opportunity to complete the NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Childhood Education and Care Settings. Currently, 31 SENDCos (72%) hold the qualification, with a further five in training and the remaining seven due to join upcoming cohorts.
To strengthen professional networks and shared learning, we run termly SENDCo Forums where colleagues exchange ideas, share best practice, and receive updates on local and national developments. These are complemented by termly SEND Consultation Forums, which use a collaborative problem-solving approach to explore challenges and identify solutions.

Demand for SEND-related training has remained high throughout the year, as teachers seek greater confidence in supporting children across the SEND continuum and those experiencing developmental delays. In 2025/26, SEND strategies, inclusive practice and SEND processes featured in 12 nursery training days and twilight sessions.

We have also continued our partnership with Learning Disability Network London (LDN London), delivering six parent workshops in 2025 and early 2026. These sessions provided practical guidance, information and support, and created valuable opportunities for parents to connect with others who have had similar experiences.

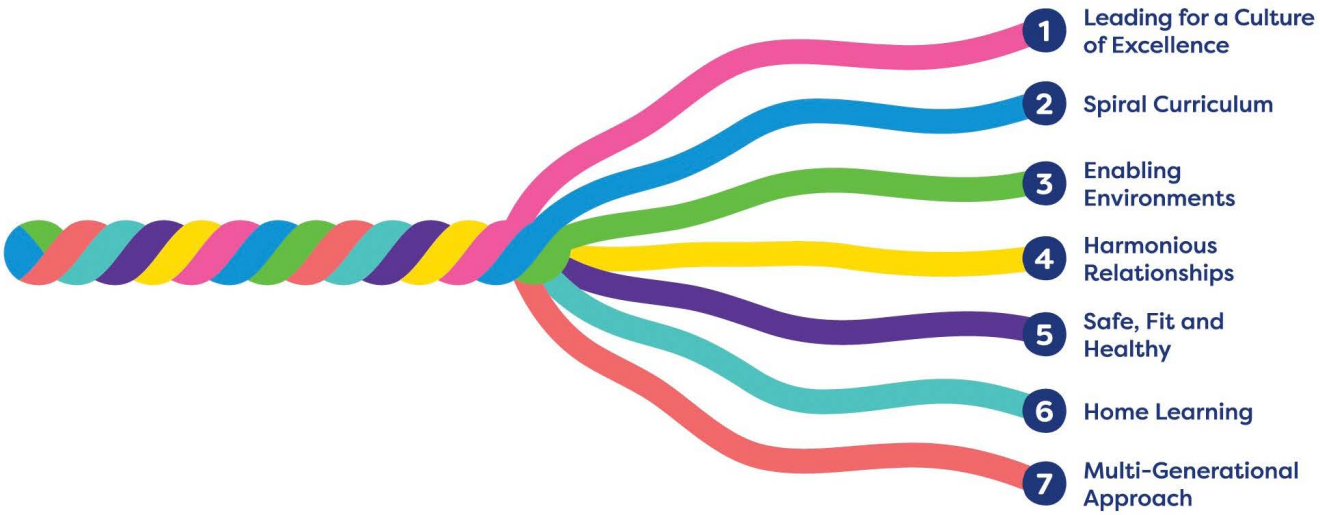
One of the most significant developments this year has been the BRIDGE Project, funded by the Westminster Foundation and delivered by the London Institute of Early Years. Operating across four Westminster nurseries, the two-year project provided 30 hours of high quality early education, nutritious meals and enhanced staffing support for children with SEND and complex family circumstances. The evaluation demonstrated significant improvements in children's communication, confidence and wellbeing, alongside stronger family relationships and greater parental confidence. It also highlighted the importance of additional staffing in enabling more intentional teaching, earlier intervention and deeper family engagement.

The BRIDGE findings provide compelling evidence that needs-led, relational approaches can transform outcomes for children and families. They also reinforce LEYF's long-standing belief that funding should be driven by children's needs rather than by parental employment status. As demand for SEND support continues to grow, this remains one of the most pressing policy challenges facing the Early Years sector.

LEYF's social justice pedagogy

Social justice pedagogy is our teaching and learning approach, reflecting our commitment to social justice. It underpins everything we do and drives the continuous cycle of improvement that shapes our practice. It is informed by a wide range of research on young children's learning and is thoughtfully designed to narrow the achievement gap by equipping all children with the skills, knowledge and confidence they need to flourish, regardless of their background.

Our pedagogy comprises seven distinct yet interconnected strands that, together, create rich experiences for our children and support their continuous learning and development. These are:



As an organisation, we are committed to continual improvement, and we track progress through our unique reflective tool – the LEYF Pedagogical Development Scales (LPDS). Each nursery conducts an audit of its provision using the LPDS. These are then moderated and evaluated across the organisation to identify themes and patterns and to shape our annual training and development plan. This enables us to maintain a cycle of improvement, further supported by action research projects.

Since the LPDS was introduced in 2018, we have tracked our nurseries' LPDS scores, which have improved consistently, reflecting our commitment to providing every child attending a LEYF nursery with a high-quality Early Years experience. To investigate this steady progress, we completed a comprehensive review of our documentation and moderation processes this year to ensure our nurseries are supported in setting ambitious targets for articulating and implementing the social justice pedagogy. This review has enabled us to establish a refreshed data baseline, providing a clear foundation for future development and highlighting both nursery strengths and areas for targeted improvement.

Influencing change beyond LEYF



At LEYF, we believe that delivering excellent Early Childhood Education and Care in our nurseries is only part of our role. As a social enterprise committed to social justice, we also seek to influence the wider systems, policies and practices that shape children's lives.

Throughout 2025–26, we continued to advocate strongly for children, families and the Early Years sector through research, partnerships, public speaking, media engagement and sector collaboration. Working alongside universities, charities, policymakers, social enterprise leaders and cultural organisations, we amplified LEYF's social justice pedagogy and championed high quality Early Childhood Education and Care as a public good.

During the year, we strengthened strategic partnerships across research, sustainability, literacy, leadership development and workforce innovation. This included the continued growth of the Early Years Social Enterprise Collective, collaborative work with BookTrust, partnerships with universities and with theatre and arts organisations, and participation in national and international communities of practice. Through podcasts, conferences, publications, advisory work and public debate, we contributed to discussions on child poverty, language development, sustainability, workforce quality, SEND, social enterprise and the future of Early Years education.



Our campaigning and advocacy work focused on the issues that matter most to children and families. These included tackling child poverty, transforming the Early Years food offer, supporting sustainability-informed practice, promoting workforce diversity, and creating opportunities to recognise and reward a broader range of apprentices and Early Years professionals.

A key feature of our advocacy work is the annual Margaret Horn Debate, which continues to highlight the contested and often political nature of Early Years education. Over the years, the debate has addressed issues ranging from social justice and child poverty to pedagogy, health and workforce diversity.



This year's debate posed the provocative question: Is modern parenting fit for purpose? Chaired by journalist Anna Tyzack, the panel brought together academic, professional and real perspectives to examine how parenting has evolved from a largely private act of child-rearing into a highly visible, increasingly commercialised space shaped by influencers, products and competing advice. The discussion highlighted the wider social, economic and cultural pressures facing families today, including inequality, safety concerns and the growing influence of technology and marketing. Above all, it reaffirmed the importance of strong parent-child relationships and the critical role that nurseries, communities and wider support systems play in helping parents feel confident, informed and valued.

Through this work, LEYF continues to use its voice, evidence and partnerships to advocate for a more equitable, sustainable and inclusive Early Years system, ensuring that the experiences of children, families and communities, particularly those facing disadvantage, are reflected in policy and practice.

Sustainability at LEYF

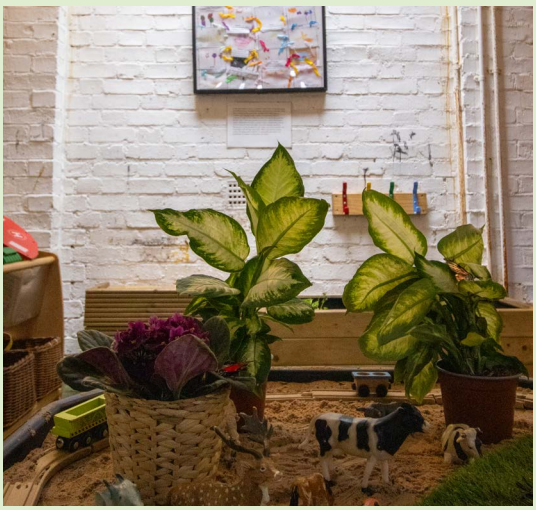
Green LEYF
Our commitment to long-term sustainability

LEYF remains committed to long-term organisational resilience through a balanced, integrated approach to economic, social, and environmental sustainability. This commitment enables us to deliver high quality Early Years Education and Care while creating a meaningful, lasting impact for children, families, and communities. We continue to strengthen our financial sustainability alongside our environmental responsibility, ensuring that our growth and stability align with our social purpose.

In 2025, LEYF was honoured to receive the King's Award for Enterprise in Sustainable Development. This prestigious recognition reflects the dedication and collective efforts of employees across our 43 nurseries. It affirms our position as a sector leader in sustainability, social justice and educational excellence, and highlights the impact of our work in shaping a more sustainable future for Early Years education.

LEYF's approach to sustainability is embedded across all areas of our work, ensuring that environmental responsibility, social impact and educational quality are delivered together. Through continued investment, innovation and collaboration, we are strengthening our nurseries, supporting our communities and contributing to a more sustainable future for the next generation.







Sustainability at LEYF

Project 1
Sustainable nursery environments

We continue to embed sustainability across the everyday environments of our nurseries. Biophilic design is central to this approach, with over 600 indoor plants integrated across our settings. These plants improve air quality, support wellbeing by reducing stress and illness, and enhance learning by bringing nature into children's daily environments.

Our focus on biodiversity is further reflected in the installation of bug hotels in 23 nurseries. These provide essential habitats for a range of species, including beetles, ladybirds, lacewings and solitary bees, helping to strengthen local ecosystems and support children's understanding of the interconnectedness of living things.

Project 2
Environmental performance

Our environmental work continues to focus on reducing our impact while enhancing the quality of children's learning environments. We have made significant progress in improving outdoor environments across our nurseries, completing 11 garden refurbishments that enhance learning opportunities, increase biodiversity and support local ecosystems.

This has been complemented by the introduction of nature-rich features, including the opening of our first LEYF Eco-Pond at Eastbury Nursery in Barking, with two further ponds in development. Alongside these improvements, 15 nurseries took part in the Big Plastic Count, contributing to wider community efforts to reduce plastic waste.

Children's engagement with nature remains central to our approach. Across the organisation, nurseries have participated in conservation-focused activities, including butterfly-rearing programmes and ethical egg-hatching initiatives that support rare and endangered poultry breeds. These experiences foster environmental awareness from an early age and encourage a sense of responsibility for the natural world.

Project 3
Resource efficiency and waste reduction

Reducing waste and promoting resource efficiency remain key priorities. Across our nurseries, 44 wormeries are now in operation, each capable of processing 2–3 kilograms of food waste per week. Collectively, they divert more than 6,600 kilograms of food waste annually. This is supported by over 40 tumble composters, which transform organic waste into high-quality compost for use in nursery gardens.

Water conservation is also embedded in daily practice, with 45 rainwater tanks installed across our settings. Each tank collects approximately 230 litres of rainwater, which is used to water plants and support water-based play, thereby reducing reliance on mains water.

We continue to promote circular economy principles through initiatives such as scrap-store partnerships, which enable nurseries to access reclaimed materials, including wood offcuts, fabrics, and other resources for creative learning. In addition, our participation in the Sproot Loop clothing scheme enables families to return used clothing for reuse, recycling, or repurposing. To date, 9,345 items of clothing have been diverted from landfill through this initiative.

HOPE is all you need

greenbottoms

Sustainability at LEYF

Project 4
Global climate action

Our commitment to sustainability extends beyond our local communities through our mangrove restoration projects in Kenya and Madagascar. These initiatives continue to deliver measurable environmental and social impact, including planting 3,150 trees, offsetting 1,935 tonnes of carbon dioxide, and creating more than 390 hours of employment. Through our partnership with Evertreen, these projects can be tracked in real time, offering a transparent and meaningful way to connect children with global climate action and the importance of protecting natural ecosystems.

Environmental performance:
Streamlined energy and carbon reporting

During 2025/26, LEYF measured a **market-based carbon footprint of 793.8 tCO_2e,** equivalent to **1.6 tCO_2e per full-time equivalent employee**. The measured footprint covered 32 UK nurseries. A further 11 sites were excluded from the organisational boundary because the relevant utility data sits with landlords under existing service-level arrangements, meaning LEYF does not directly hold the information required for carbon reporting. This is therefore primarily a data-access and reporting-boundary issue rather than an indication that these sites fall outside LEYF's environmental responsibilities.

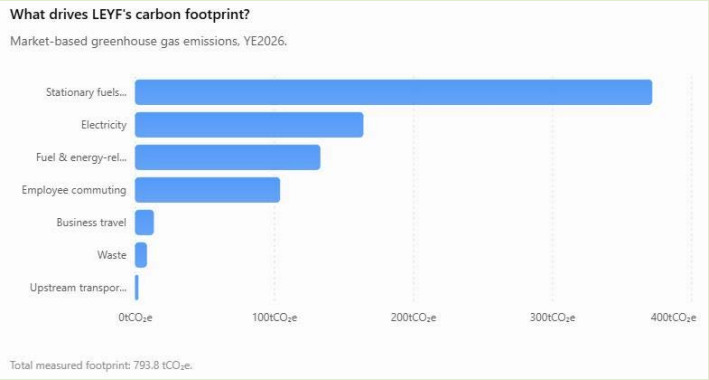
Year-on-year comparisons require some care because LEYF expanded its measurement boundary and improved the quality of several datasets during the year. On a like-for-like, normalised basis, total market-based emissions increased by **18.7%** compared with the 2024/25 baseline. At the same time, emissions intensity remained broadly stable per employee and **fell by 5.0% per £1 million of turnover,** indicating that emissions have not increased at the same rate as organisational activity.

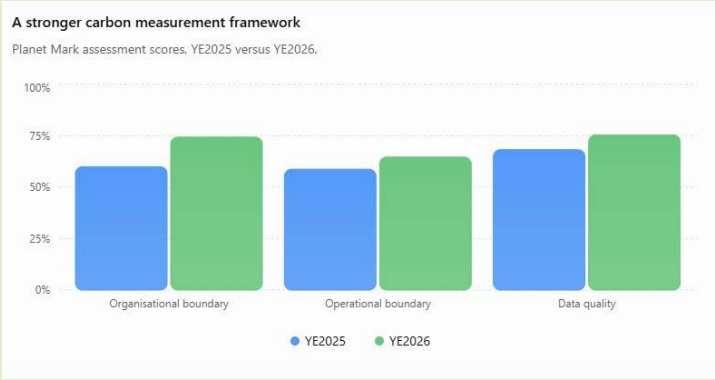
The largest source of emissions remains **stationary fuels, principally natural gas**, accounting for **46.8% of the total footprint.** Normalised emissions from natural gas increased by **44.3%,** making building heat and gas consumption the most significant area for future operational carbon reduction. In contrast, **market-based electricity emissions fell by 24.6%,** from 217.0 to 163.6 tCO_2e, providing a strong positive countertrend.

Scope 3 emissions represented **32.6% of the footprint.** Employee commuting accounted for 13.1% of total emissions and increased substantially compared with the previous year. However, 2025/26 was the first year in which LEYF used an employee commuting survey rather than relying entirely on national estimates, so a significant part of the apparent increase reflects improved measurement rather than necessarily an equivalent increase in travel.

Business travel remained a relatively small part of the overall footprint at **1.6%,** although emissions increased to 12.9 tCO_2e, driven principally by air travel. Waste accounted for approximately **1.0%** of the footprint and remained comparatively stable in emissions terms despite a substantial increase in reported waste tonnage.

The year also marked continued progress in the quality and breadth of LEYF's carbon reporting. **The Data Quality Score rose from 68.3% to 75.5%**, the **Organisational Boundary Score from 60.0% to 74.4%**, and the **Operational Boundary Score from 58.8% to 64.7%.**





Art and culture

Creative arts, music and drama are essential entitlements for every child and are deliberately expressed through our social justice pedagogy. They are not enrichment activities but essential ways for children to communicate, build relationships, develop their identity and make sense of the world.

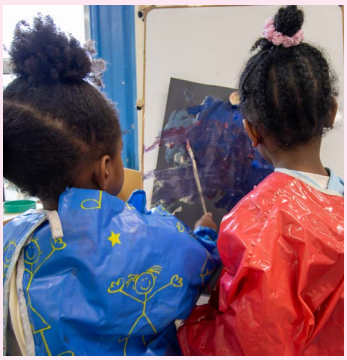
Access to rich cultural and creative experiences is unequal. Without intentional action, creative confidence and cultural participation can perpetuate existing inequalities. We address this by valuing the songs, stories, movement, play and artistic languages that children bring from home, while also providing sustained engagement with artists, cultural institutions and high-quality creative experiences.

This inclusive model offers multiple ways for children to participate and succeed, particularly for those with SEND, those learning English as an additional language, and those facing disadvantage. It is supported by long-term partnerships, teacher development, practice-based research, and the use of Soho Nursery as a creative laboratory. Expressive arts and music are an area of the Spiral Curriculum and are anchored in everyday practice rather than delivered as a one-off experience or specific project.





Art and culture



Discover Children's Story Centre with the University of East London is a large-scale literacy and storytelling initiative across LEYF East, combining direct work with children with research, CPD and cultural visits to strengthen teaching practice and achieve long-term impact. Spanning almost half of LEYF's nurseries and involving more than 350 children, the project is helping to lay the foundations for children's theatre, storytelling and dramatic play as powerful tools for language, imagination and participation.

Importantly, the work extends beyond isolated sessions or short-term interventions. By supporting both children and LEYF teachers, the project is strengthening pedagogy across settings, ensuring that learning continues long after the sessions have ended. Early signs already show growing confidence in storytelling, richer language development, increased imaginative play and deeper engagement with books, performance and creative expression.

Royal College of Music & Creative Futures (Music Champions): Music is a core tool for children's learning and joy! Since 2018, Royal College of Music & Creative Futures have worked with LEYF to provide high-value training and development for LEYF teachers. This longstanding project enables LEYF teachers to become Music Champions and cascade their learning to others, especially LEYF Apprentices. This training, delivered with professional musicians, builds teachers' confidence to embed music in everyday practice across various LEYF nurseries, benefiting over 98 children this year.

National Portrait Gallery: Last year, we co-designed Early Years workshops, family learning and exhibitions. This partnership contributed to the galleries' Early Years offers and demonstrated the value of collaborating with professional artists and an internationally renowned institution, while deepening LEYF's approach to culture and the arts. This year, 25 children have learnt to develop their artistic eye and, in turn, create portraits of themselves and others.

British Museum: Over the past year, we organised Early Years workshops with the museum for 20 children. Together, we explored how to shape meaningful cultural experiences and support family engagement with cultural institutions and the wider London community.

London Institute of Early Years

Over more than a century, and particularly since becoming a social enterprise in 2008, LEYF has developed a distinctive model that integrates social enterprise, high-quality pedagogy, workforce development, research and community engagement to deliver measurable social impact. We believe this model offers valuable lessons for a sector grappling with rising inequality, workforce challenges, financial pressures and growing demand for inclusive, high quality Early Childhood Education and Care.

The London Institute of Early Years (LIEY) was established to capture, strengthen and share that learning. Its purpose is not simply to support LEYF, but to help build the leadership, evidence and organisational capacity required to create a more equitable, sustainable and socially just Early Years system.

As the first dedicated institute for Early Years leadership and organisational development, rooted in a social enterprise model, LIEY represents an important strategic investment in the sector's future. It has been designed to support the replication and adaptation of effective practice through leadership development, practice-based research, professional learning and organisational support.

During the year, we began developing a suite of leadership pathways, including the LEYF Social Leadership Programme for emerging leaders. The programme aims to develop confident, values-driven leaders who understand how to combine educational excellence with social purpose and organisational sustainability. Alongside this, we have expanded research partnerships with universities and practitioners to explore key practice challenges through a praxeological lens, ensuring that knowledge generated through practice can be shared, tested and applied more widely.

A core ambition of LIEY is to move beyond improving individual organisations and to contribute to system-wide change. We know that many of the sector's challenges cannot be solved by individual nurseries working alone. They require collaboration, evidence, leadership and new ways of organising provision that place children, families and communities at the centre.

This ambition is reflected in the development of the Early Years Social Enterprise Collective (EYSE Collective). Convened by LEYF, the Collective brings together mission-led Early Years organisations from across England, Scotland, Wales, Northern Ireland and Ireland. It is a growing movement committed to strengthening socially just, financially sustainable and community-rooted models of Early Childhood Education and Care.

The Collective exists to share evidence, leadership and practice; to support the replication of effective social enterprise models; to mentor emerging organisations; and to influence policy, commissioning and investment decisions. At its heart is a belief that social enterprises offer a powerful alternative in the Early Years landscape, combining commercial discipline with social purpose and reinvesting surpluses into children, families, communities and workforce development rather than into shareholder returns.

Through the London Institute of Early Years and the EYSE Collective, LEYF aims to demonstrate that high-quality, socially purposeful Early Childhood Education and Care can be delivered at scale. Our ambition is to ensure that the learning, evidence and leadership developed over many years at LEYF can benefit not only the children and families we serve directly, but also the wider sector, both nationally and internationally.

Course	Learners who have completed the programme	Learners currently in progress	Total learners FY 2025/2026
LEYF Leadership Programme	0	7	7
Level 4 Award in promoting Sustainability in an Early Years Setting	22	10	12
Level 3 Award in Building Health through Food	5	3	2
Level 3 Award for SENDCOs	13	10	3
L3 Award Improving Food & Health in EY Settings	6	3	3

Learning and professional development

Providing learning opportunities and professional development for LEYF employees remains a central pillar of our commitment to quality, inclusion and workforce sustainability. A broad and robust range of training and qualifications is key to enabling our employees to grow and develop, whether for in-role development or to support opportunities for progression and promotion. We know that opportunities like this are important for our people, and we are proud to provide a competitive and engaging offering, which we recognise is a key driver of retention. Our offering balances statutory and compliance requirements with deep pedagogical development, leadership growth, and specialist pathways, ensuring employees at all levels are supported in delivering high quality Early Childhood Education and Care and functional specialisms.

Throughout the year, our training and qualification provision was characterised by breadth, consistency and progression, with a strong emphasis on consistent practice and alignment with our pedagogical framework. We remain committed to equipping leaders and teachers with the skills, confidence and networks they need to deliver high quality Early Years education, strengthen inclusion, and lead positive change across the sector.

Training ranged from leadership development programmes to short, targeted CPD workshops, alongside regular planned sessions focused on translating the Spiral Curriculum into daily practice and on supporting teachers in developing confidence in their professional judgement. These were often delivered as twilight sessions or inset days to maximise accessibility.

Popular short-courses included:

- Understanding Child Development and Behaviour
- An Introduction to Neuroscience
- Supporting Children to Self-regulate
- Brilliant Baby Environments
- Dialogic Reading and Communication Approaches
- Helicopter Storytelling
- Outdoor Learning and Play
- Action Research and Reflective Practice
- Coaching for Success

A key milestone this year was the registration of the LEYF Leadership Programme with the Institute of Leadership and Management (ILM), reflecting our commitment to developing values-led educational leadership grounded in social enterprise principles. In FY2025/26, seven leaders were actively on programme, building a pipeline of qualified leaders equipped to sustain quality improvement and strengthen culture across settings.

The Level 4 Award in Promoting Sustainability in an Early Years Setting supported 32 learners this year. Beyond qualification achievement, sustainability training continued to create opportunities for teachers and educators to collaborate across the sector, supported by the LEYF sustainability community of practice, enabling knowledge-sharing and practical implementation aligned with the UN SDGs.

We continued to strengthen specialist leadership capability through the Level 3 Award for SENDCOs, supporting 23 learners this year. The programme is continually reviewed by the LEYF SEND Manager to ensure the content remains topical and practical, helping to build confidence in coordinating SEND practice across nursery settings and in working effectively with others to meet the needs of children with SEND.

Statutory and safeguarding training remained a priority throughout the year. Regular delivery of paediatric first aid, safeguarding, and health and safety sessions ensured that teams remained confident, compliant, and prepared.



Learning and professional development

Foundation Degrees and BA top-up pathways continue to support high-quality delivery to children. In addition to the Degree programme, over ten per cent of our employees, as well as external learners, participated in a range of accredited awards, including:

- SENDCo awards
- Sustainability
- Health and nutrition-focused qualifications
- Leadership and management pathways
- Professional qualifications for Early Years leadership

Training data throughout the year shows sustained engagement with these pathways, reflecting both individual ambition and organisational commitment to developing expertise from within. These qualifications played a key role in strengthening leadership capacity and supporting continuous quality improvement. Our ongoing commitment to this also recognises, as in previous years, that workforce development is fundamental to improving outcomes for children and families.

The most frequently delivered internal sessions focused on:

- **Planning and curriculum implementation,** including Planning to Inspire and LPDS in Practice;
- **Enabling environments and provocations,** supporting rich, intentional learning experiences;
- **The LEYF Pedagogy and its core strands,** reinforcing a shared language and approach across nurseries;
- **Inclusion and SEND**, reflecting both sector priorities and internal demand.

Chef Academy training focused on:

- nutrition and food standards in the Early Years
- practical food preparation skills
- supporting healthy eating habits among children

This provision closely aligned with broader organisational priorities in health, wellbeing and sustainability, and ensured that specialist teachers were included in the organisation's professional learning culture. Across this pathway, we supported 17 learners through two complementary programmes, the Level 3 Award in Building Health through Food and the L3 Award Improving Food & Health in Early Years Settings. During the year, we began delivering the Improving Food & Health award to expand access to structured training that enhances day-to-day practice and supports settings in embedding effective health and food education.

Reflections on impact and learning

Training activities over the year highlight several important reflections:

- Demand data highlights clear priorities, particularly in SEND, planning, pedagogy and leadership.
- Sequenced learning and programmes were increasingly preferred to one-off sessions, supporting sustained practice change.
- Operational learning, including managing short-notice requests and cancellations, informed improvements to planning and communication processes.

A strong learning culture was evident, with growing engagement in coaching, action research and reflective practice.

Overall, the training and CPD provision supported teachers in developing professional confidence, deepening knowledge and expertise, and working collaboratively towards shared quality goals. By combining statutory training, short courses, specialist pathways and accredited qualifications, the organisation continued to invest meaningfully in its people, recognising that workforce development is fundamental to improving outcomes for children and families.



Apprenticeship Programme





"I wanted to become an apprentice because I have always enjoyed playing and connecting with children. I always knew that I wanted to work with children so becoming an apprentice was the best route for me. The structure of an apprenticeship works better for me than school because I am learning and experiencing first-hand."

"I wanted to become an apprentice because I didn't have a great support network in school, and I want to change children's attitude towards education and school. I want to help and support children better."

"I love looking at policies and procedures and relating it back to my practice. I also love how everyone brings a sense of kindness and encouragement towards one another, creating a positive environment. I love learning and putting things into practice when in my setting. I feel this allows me to be a role model to others I work alongside."

"I love how supported I feel at nursery and at the Academy. I also love how motivated and inspired I become after sessions with the Apprentice team."

The LEYF Apprentice Academy is a training hub for all apprentices, offering training and enrichment programmes that complement the formal training provided by apprenticeship providers. Many of our apprentices, both internal and external learners, had turbulent school experiences or no prior opportunity to complete a qualification. However, the Academy has supported six cohorts of Early Years Educator Apprentices, totalling 149 on programme. 39 apprentices have moved into permanent or Bank roles, a 6.43% increase from last year.

In addition to Early Years Educator Apprentices, we also had our first Level seven apprentice in Central Office, who completed their qualification. This year, we were ranked 58th in The Sunday Times Top 100 Apprenticeships list, which ranks by the number of apprentices.

The Apprentice team works in collaboration with the LEYF Nursery teams and the wider LEYF support functions in Central Office to ensure apprentices receive high-quality teaching and support through a blended offer of professional and pedagogical discussions, virtual meetings and nursery visits. In addition, each apprentice has an Apprentice Coach assigned to them in their nursery to enable them to consolidate their classroom theory, apply it in practice and anchor it in their practice. Quality teaching is ensured by a consistently refreshed enrichment programme, action research, a focus on emerging thinking and a nursery placement that allows them to put their learning into direct practice. This is highlighted in the marketing recruitment campaign and has driven a consistent 56% growth in applications.

This year, we introduced the first dedicated Apprentice Coach training programme to strengthen support for apprentices in nurseries. Feedback from apprentices and coaches was very positive. "I had a meeting with my Apprentice Coach, and I felt she was much more confident in helping me. I really felt I had another layer of support."

We fund our Apprenticeship Programmes through our own levy pot and generous levy transfers from JPMorgan Chase. As we continue to grow, we will explore additional partnerships to ensure we can maintain consistency in apprenticeships at LEYF.

Operations

Balancing Sustainable Growth with Social Impact in a New Funding Environment

The financial year ending March 2026 highlighted the organisation's ability to respond to significant changes in government funding for the Early Years sector. The introduction in September 2025 of the final stage of the increase in funded hours, providing 30 hours of term-time funding for all qualifying parents of children from 9 months old, has significantly affected the age profile of children in the nurseries, with a ten per cent year-on-year increase in the under-3s alongside static occupancy for 2- and 4-year-olds. The change in age profile has also increased staffing requirements, with teacher-to-child ratios of 1 to 3 for babies, 1 to 5 for 2- to 3-year-olds, and 1 to 8 for over-3s. The gradual introduction of the increased funding from April 2024 has also seen government funding increase as a proportion of LEYF's income from 20% in March 2024 to over 50% in January 2026.

Overall occupancy averaged 80% in March 2026, compared with 75% in March 2025. This was pleasing, as capacity had also increased from 2,355 to 2,452, meaning actual occupancy in full-time equivalents (FTE) grew from 1,802 to 1,957 FTE. This growth in occupancy, alongside strong hourly funding rates for younger children, had a positive impact on income and the cash position during the year.

Our Annual Parent Survey was completed in January 2026 and, for the third consecutive year, showed a pleasing improvement, with our Net Promoter Score (NPS) rising to 64 points from 62 the previous year. It is generally recognised that a score over 50 is excellent, and a score of 70 or more is 'world class'. The mean parent score also increased from 8.89 to 8.95, with 69% of our parents rating us 9 or 10, making them 'promoters'. Detailed action plans and accompanying letters are being prepared to share with parents as we continue to strive for further improvements. Common themes in the areas for improvement included communication via the nursery management system and, in some settings, the need for refurbishment investment. These are being considered as we make capital plans for the coming year.

In August 2025, we completed the acquisition of three nurseries from Hillingdon Local Authority, bringing our total to 43 nurseries across 13 local authorities. Once refurbishments of the nurseries and gardens are completed in 2026/27, these settings will provide an additional 250 FTE places, increasing our overall capacity by around ten per cent. This creates a new cluster in western London and a new area for LEYF, reflecting our recent strategy of moving away from a focus on central London boroughs, where lower birth rates and population migration have reduced demand in several localities.

In December 2025, we completed refurbishment of the 62-place Greengate setting in Newham, following its acquisition in January 2025. We will now focus on increasing occupancy at our fourth setting in the Borough as part of our expansion in the East.

Summary financial performance

Despite the challenging economic backdrop for the Early Years sector, with high wage inflation, increased employer National Insurance Contributions and the impact of the Government's expansion of funded hours, LEYF has had another very successful year, delivering a surplus of £1.9m (FY24/25: £0.8m surplus). Although LEYF does not aim to make significant surpluses, following several years of deficits or very small surpluses, it was essential that reserves continue to be increased to ensure LEYF's financial sustainability and to generate sufficient cash to fund ongoing investment in our existing nurseries and further growth.

The surplus of £1.9m was driven by the continued roll-out of the expansion of funded hours, resulting in a year-on-year increase in occupancy of 153 FTEs, combined with additional one-off government funding from local authorities to fund the additional capacity required to meet this extra demand.
As a result of delivering this surplus, the unrestricted reserves have increased to £3.9m (FY24/25: £2.2m) and total reserves to £5.2m (FY24/25: £3.3m), with year end cash at bank rising to £5.4m (FY24/25: £2.7m), despite further investment in new and existing nurseries.

Key financial indicators:

Total income

FY25/26
£43.8m

FY24/25
£37.2m

Operating surplus before adjusting items:

FY25/26
£1.9m

FY24/25
£0.8m

EBITDA*

FY25/26
£3.2m

FY24/25
£2.0m

Capital re-invested in growth

FY25/26
£0.6m

FY24/25
£1.0m

Cash

FY25/26
£4.6m

FY24/25
£2.7m

Gross Debt

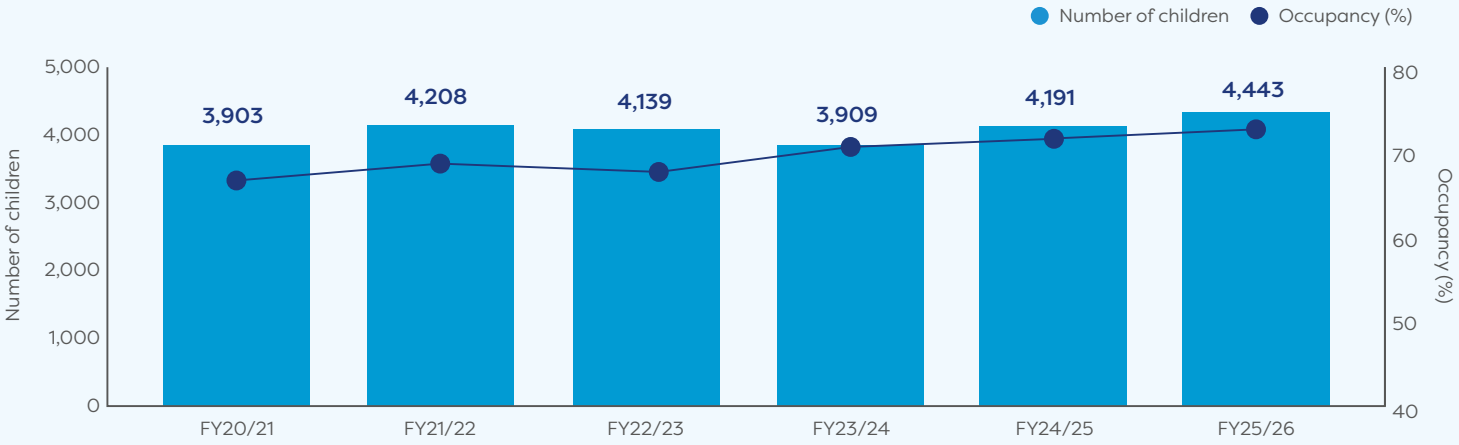
FY25/26
£3.3m

FY24/25
£3.6m

*EBITDA is calculated as a total operating (deficit)/surplus with adjusting items of interest, depreciation and amortisation added back.

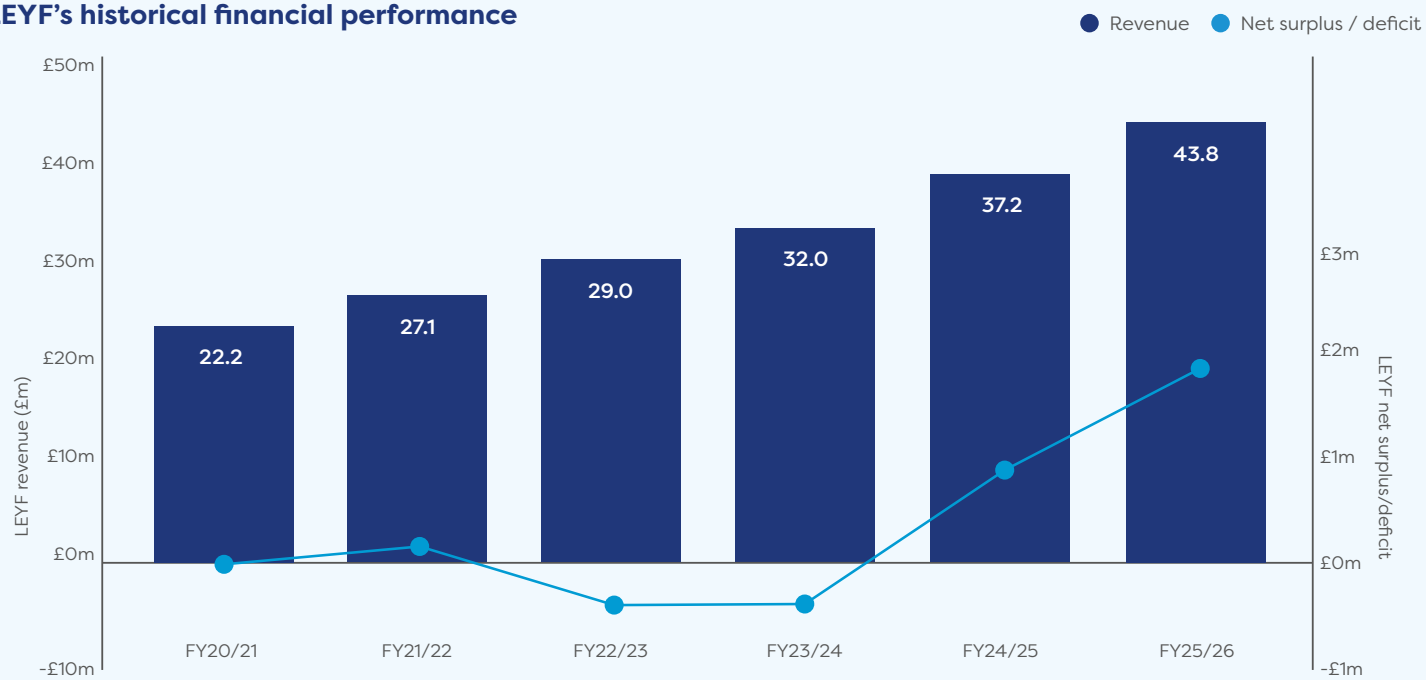
Historical performance

LEYF's historical operational performance



FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Capacity					
2,080	2,204	2,257	2,219	2,392	2,444
Average number of places per nursery					
51	53	57	59	57	59

LEYF's historical financial performance

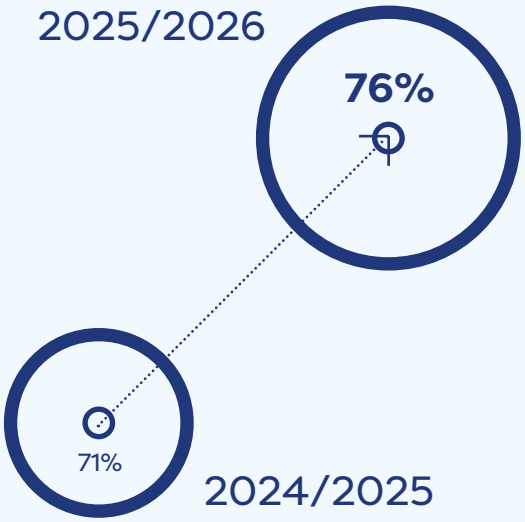


LEYF's historical social impact performance

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Dosage (average hours per week attended)	32	32	33	35	34	34
Duration (average number of months attended by leavers)	19	17	18	20	20	19

Valuing our employees

Proportion of employees on the London Living Wage increased from **71%** to **76%**



Our people are the heartbeat of LEYF. Their care, creativity, passion and commitment make LEYF's environment a wonderful place to work where you thrive. Every person at LEYF is essential to delivering our ambition to change the world, one child at a time.

Attracting and retaining talented, motivated people who do great work is therefore a priority. The Early Years sector remains highly competitive, and we continue to take steps towards our aspiration that all employees earn the London Living Wage (LLW). Whilst we are not quite there yet, the proportion of eligible employees paid at or above the LLW has increased from year on year 71% to 76%.

We have made deliberate decisions about our pay strategy to reward people for their efforts as best we can, recognising that we are a non-profit organisation, with the majority of our income coming from government funding, and that statutory wage changes occur year on year.

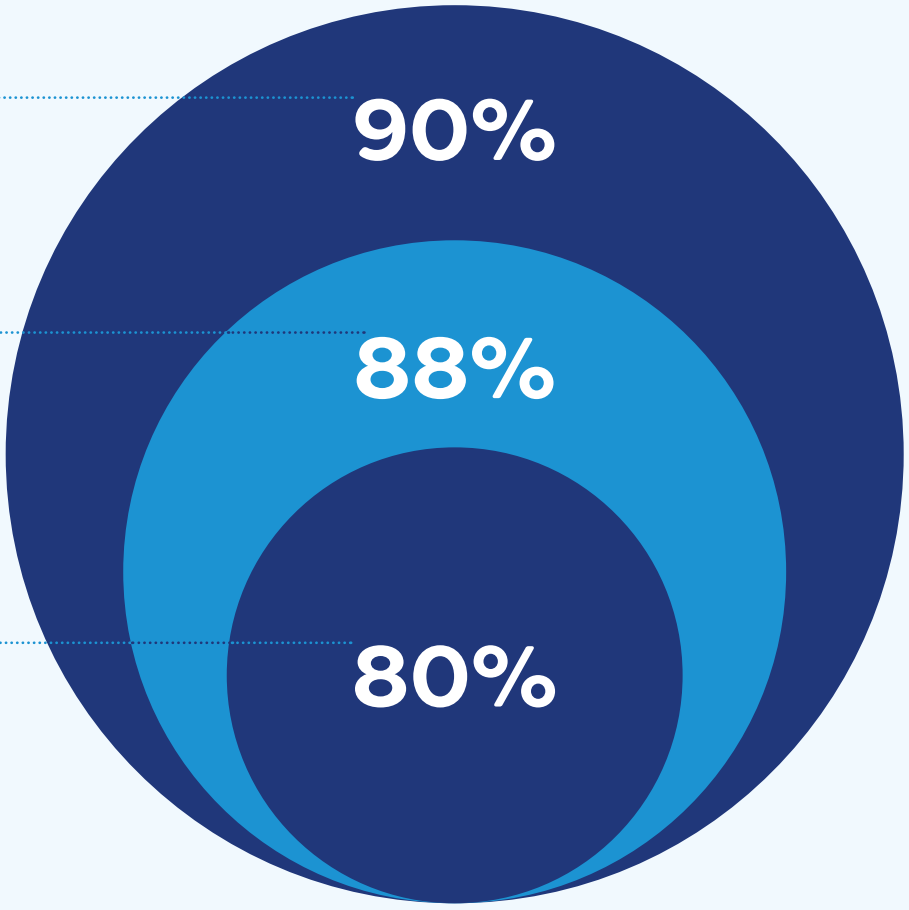
We have also focused on actions to retain our talented employees, including the pre-boarding experience, onboarding surveys, extending our qualification and training pathways, leadership development, and increasing our range of benefits. This has resulted in a continued downward trend in turnover, but we must, and will, continue to put energy and effort into this.

In our recent employee engagement survey:

Were motivated to do their best work

Were proud to work for LEYF

Would recommend us as a great place to work



Valuing our employees (continued)

This reflects the levels of motivation and engagement we see every day among our people, as well as the importance of protecting our culture and environment to ensure people continue to grow and thrive at LEYF so that we are seen as an employer of choice for employees and candidates alike.

We have been among the first employers in the Early Years to partner with an external provider for fertility and menopause support, and we have been delighted to see that 91% of users remain actively engaged with the range of services. We recognise that we can't always compete on salary alone, and we continue to review our benefits package to ensure it remains competitive, with two further benefits to be added to our offering.









Equality, diversity and inclusion

78%

Feel that LEYF continues to take action to improve equality, diversity and inclusion.

71%

Feel a sense of belonging at LEYF.

Creating an environment where employees feel they truly belong matters to us, and inclusion is central to how we attract, retain and develop our people. A diverse workforce brings positive experiences for our employees, the children and the communities in which we operate. Children want to engage in activities with teachers who are passionate pedagogues and who make interactions fun and enjoyable. In effect, children select the 'best person for the job,' and we aim to replicate that in our work environment.

We strive to create an inclusive environment where everyone's voice and suggestions are valued. All employees have the opportunity to share feedback and suggestions through a range of formal and informal channels, including speaking directly with managers and our Executive Management Team, employee resource groups and forums, research questionnaires, informal connections, and our annual engagement survey, which received over 1,500 verbatim comments this year.

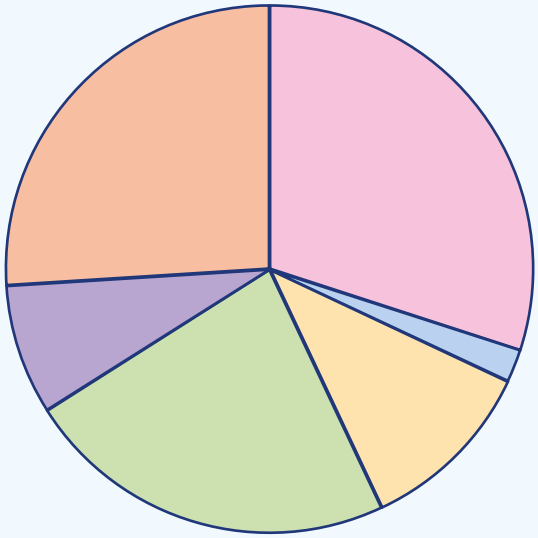
We recognise that children and employees benefit from learning in a culture of harmonious relationships, with role models from diverse backgrounds and experiences. Our apprenticeship and degree programmes have created opportunities for social mobility, and we are steadfastly focused on providing strong pastoral care to help our employees realise their potential.

Gender split across LEYF (FY25/26)

The gender imbalance in the sector remains, with 2% of the Early Years workforce being men (NFER online report, 2025). Despite this, LEYF continues to champion increasing the number of men in Early Years because of the positive benefits this brings to everyone. Our total workforce is currently 7% male and 93% female, and we continue to strive for an even greater gender balance and to shift the narrative about men in Early Years across the sector. Our Men in Early Years Community of Practice continues to focus on ensuring a warm, supportive network while amplifying the importance of allyship. We are also focused on nurturing our culture of warmth, openness and compassion for all, especially at a time when there is heightened media and policy focus on safeguarding.

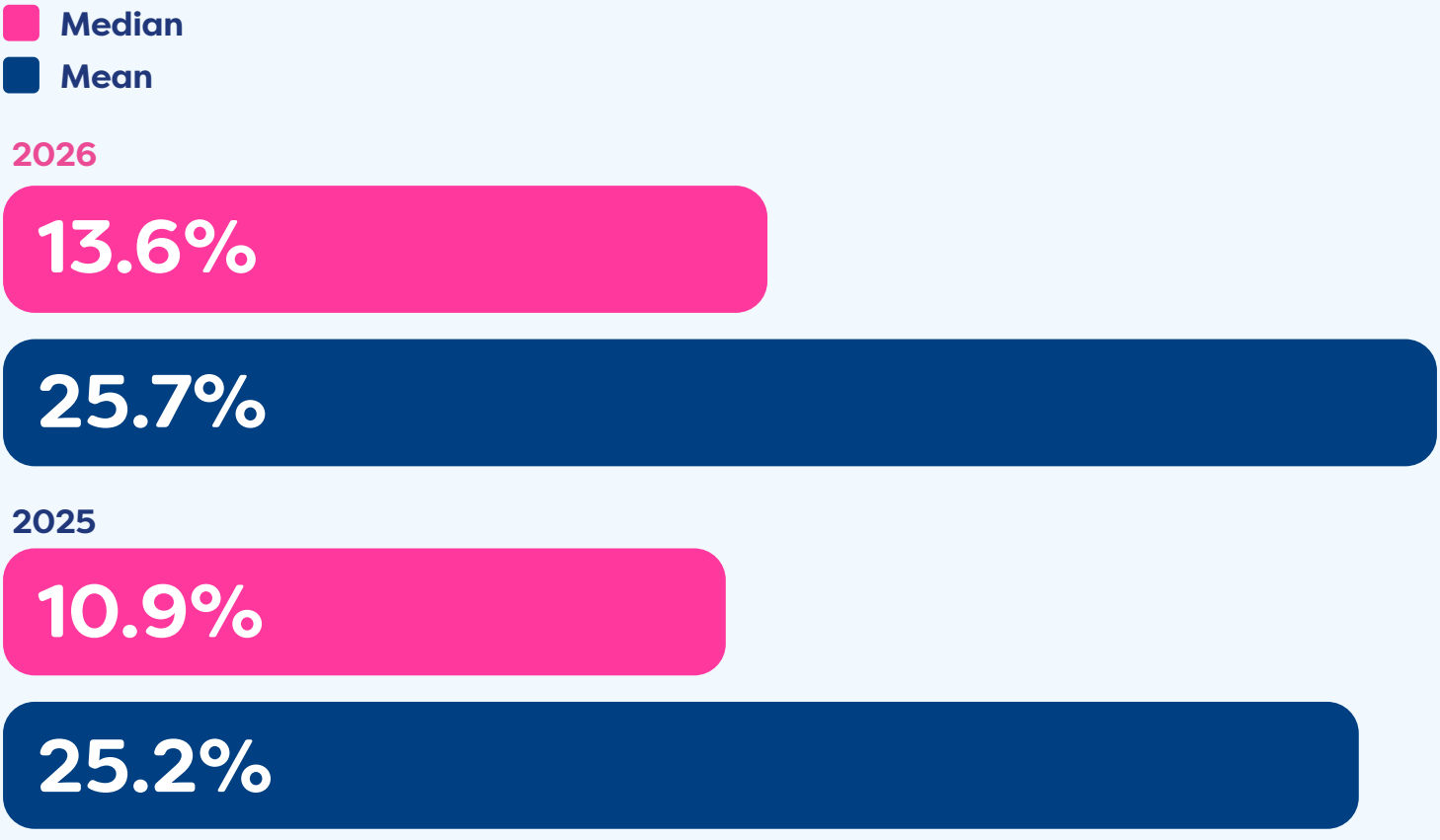


Reported ethnic diversity of staff across LEYF nurseries (FY25/26)



- **White:** 314, **(30%)**
- **Mixed or Multiple ethnic groups:** 19, **(2%)**
- **Asian or Asian British:** 114, **(11%)**
- **Black, African, Caribbean or Black British:** 239, **(23%)**
- **Other ethnic group:** 81, **(8%)**
- **Non-disclosed:** 271, **(26%)**

Gender pay gap



Operations and finance

Maximising space to meet the growing demand for nursery places for London's youngest children

Despite the ongoing challenges of rising costs and uncertainty, LEYF has continued to be a financially sustainable organisation, whilst maximising social impact and expanding its reach even further.

The demographics of London vary widely. As remote working remains popular, many families have chosen to leave central London and relocate further out. As a result, some London boroughs have seen a decline in nursery-aged children, while others have experienced a significant increase. Government policy to expand Early Years funding for working parents, including babies from 9 months, has also increased demand in certain areas.

2026 marks five years since LEYF took over three nurseries in Newham that were at risk of closure. These nurseries are now thriving and expanding to meet demand in the borough. At Cumberland Road, 31 additional places have been created. At Deanery Road, a new 15-place baby room has opened. In the nearby borough of Hackney, London Fields was reconfigured to add space for three additional baby places and 24 pre-school places. Colville Nursery has also reconfigured its space to increase capacity.

To further meet the growing demand for nursery places, in January 2025 LEYF acquired 'Early Years Nursery' in Newham, which has been renamed Greengate Nursery. The distinctive building is popular in the community, and the nursery was a welcome addition to our Newham cluster. Over the past year, the nursery and garden have been transformed, with significant benefits for children in the Newham community. LEYF also addressed the growing demand for baby places in the area by opening an additional baby room for 20 children.

In August 2025, LEYF acquired three former local-authority nurseries in the borough of Hillingdon. In this, our 13th borough, we demonstrated our ambition for managed growth by moving away from areas of population decline in central London. By combining Capital Grant funding from Hillingdon Local Authority with significant investment from LEYF, the three Hillingdon nurseries will be substantially refurbished to increase capacity and ensure the buildings' sustainability.

In Nestles Avenue, LEYF reopened rooms that had been unused for years, adding capacity for 41 children. In South Ruislip, LEYF converted additional rooms to provide capacity for a further 38 children. In Uxbridge, LEYF maximised space within the existing rooms to accommodate a further 21 children.

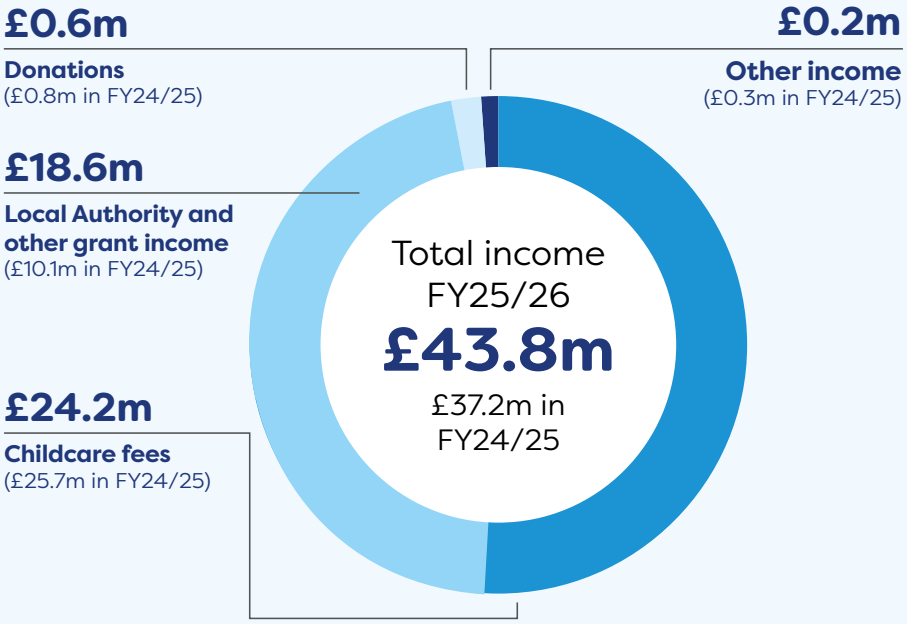
LEYF is defining its design approach in a book, Nursery by Design: Creating Spaces for Learning and Belonging, which explains how we support sustainable growth and maximise space while maintaining pedagogical sensitivity in high-demand areas. LEYF aspires to keep nurseries open in some of London's more deprived areas, where children need quality education and care the most.

Operations and finance

Income

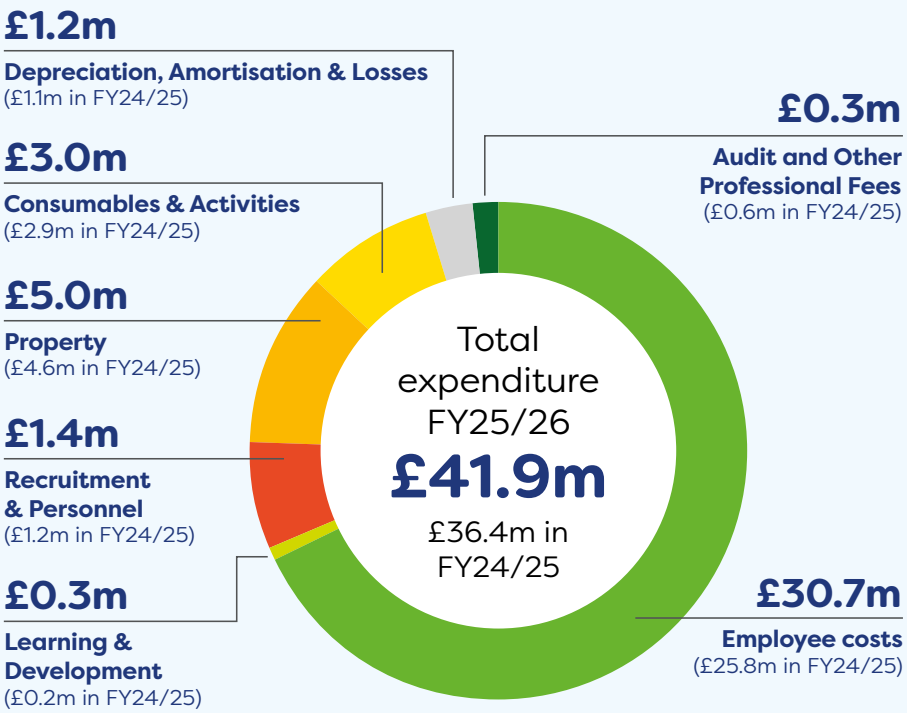
Total income of £43.8m was up £6.6m on the prior year, with parental fees continuing to be the largest source of income. However, as a result of the final phase of the roll-out of the expansion of government-funded hours in September 2025, parental fees now represent 55% of total income, down from 69% in FY24/25. This is forecast to fall further in FY26/27 due to the full-year impact of this increased government funding.

This has resulted in local authority and other grant income increasing by £8.4m (+83%), primarily due to this expansion in funded hours, but also through increased occupancy across the nurseries.



Expenditure

Total expenses of £41.9m were £5.5m higher than the prior year, driven primarily by a year-on-year increase in employee costs of £4.9m. This increase in employee costs was mainly attributable to the 5.3% increase in the London Living Wage and the 6.7% increase in the National Minimum Wage, both effective from 1st April 2025, as well as the increase in the number of LEYF employees, to support the growth in occupancy.



Section 172 Statement

As a charitable organisation, the London Early Years Foundation ("LEYF") is committed to promoting and protecting the wellbeing of the children in our care, their families and our employees. The Trustees are mindful of their duties under Section 172 of the Companies Act 2006 and act in the way they consider, in good faith, most likely to promote the success of the charity in furtherance of its charitable purposes.

This statement provides examples of how the Trustees, together with the Executive Management Team under delegated authority, have had regard to the matters set out in Section 172 when making decisions during the year.

The likely consequences of decisions in the long term
The Trustees recognise the importance of balancing short-term operational requirements with the long-term sustainability and impact of the charity. LEYF's strategy is designed to maximise social impact by extending access to high-quality early years education and supporting more children and families.

The Social Impact Committee oversees the measurement and assessment of LEYF's impact on children, families, communities and employees. Significant decisions are supported by analysis of their short, medium and long-term implications for the charity and its beneficiaries.

Environmental sustainability also forms an important part of long-term planning. LEYF regularly monitors and reports on its environmental impact, including greenhouse gas emissions, and continues to implement initiatives that support its pathway towards achieving net-zero emissions.

The interests of the charity's employees
LEYF's employees are fundamental to the delivery of its charitable objectives and are its most valuable asset. The Trustees are committed to creating an inclusive, supportive and rewarding workplace where employees can thrive and develop.

Attracting, developing and retaining talented people remains a key priority. During the year, LEYF continued to improve employee pay, including increasing the number of employees paid at or above the London Living Wage. Employee engagement is monitored through annual staff surveys, the results of which are reviewed by the Board to understand employee experiences, identify areas for improvement and inform future actions.

Further information can be found in the Valuing Our Employees section.

The Need to Foster the Charity's Relationships with Families, Suppliers and Other Stakeholders
As a social enterprise, LEYF places strong relationships with families, suppliers and wider stakeholders at the centre of its activities.

Parents and families build close relationships with individual nurseries and nursery teams. Feedback is actively sought through annual parent surveys and other engagement activities, enabling LEYF to understand stakeholder needs and continuously improve services. Insights gained through parent engagement, SEND initiatives, community programmes, and arts and culture activities help to inform decision-making and ensure that children remain at the heart of LEYF's work.

Further information can be found in the Balancing Sustainable Growth with Social Impact section.

The impact of the charity's operations on the community and the environment
LEYF's role extends beyond the provision of high-quality early years education. As a social enterprise and charity, LEYF seeks to influence positive change by advocating for children, families and the wider early years sector.

The charity actively engages with policymakers, partners and sector organisations to promote improved outcomes for children and families. Further information can be found in the Influencing Change Beyond LEYF section.

LEYF has also taken a leading role within the sector in promoting environmental sustainability. Progress against environmental objectives is regularly reviewed by the Social Impact Committee and reported to the Board. This includes monitoring environmental performance, implementing initiatives to reduce carbon emissions, and assessing progress towards environmental targets.

Further details can be found in the Sustainability section of this Annual Report.

The desirability of maintaining a reputation for high standards of business conduct
Providing high-quality early years education is fundamental to LEYF's mission and reputation. The Trustees monitor quality and compliance through both internal and external measures.

Educational quality is independently assessed through Ofsted inspections, with inspection outcomes regularly reported to the Board. In addition, the London Institute of Early Years, operated by LEYF, provides learning, training and professional development opportunities that strengthen quality across LEYF nurseries and support the wider early years sector.

Further information can be found in the London Institute of Early Years section of this report.

Statement of accounts

THE LONDON EARLY YEARS FOUNDATION
Charity Reference and Administrative Details for the year ended 31 March 2026

Status
The organisation was founded in 1903 and is now a charitable company limited by guarantee, incorporated on 10th March 1988 and registered as a charity on 31st March 1988.

Governing document
The London Early Years Foundation is governed by its Memorandum and Articles of Association.

Charity objects
The objects of the charity are:
1. to promote the care and upbringing and preserve and protect the health of children, particularly those whose circumstances make it necessary or desirable for them to be cared for outside the normal home environment; and
2. to promote education and vocational training in respect of all matters relating to childcare, the upbringing of children and the protection and

Company number: 02228978
Charity number: 299686

Registered office and operational address:
121 Marsham Street
London
SW1P 4LX

Website: www.leyf.org.uk

Bankers
National Westminster Bank plc
PO Box 2
27-29 Horseferry Road London
SW1P 2AZ

Solicitors
Darwin Gray LLP
9 Cathedral Road
Cardiff
CF11 9HA

Auditors
Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL

Report of trustees including the strategic report

For the year ended 31st March 2026

The Trustees present their report and the audited financial statements of the charity for the year ended 31st March 2026. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and (FRS102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' in preparing the annual report and the financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Board of Trustees

The Trustees currently serving, who are also directors of the company, under company law, are as follows:

Michael Garstka
Chair of the Board

James Hick
Trustee

Anu Vishwas Sarkar
Trustee

Ravi Verma
Trustee

Kirsty Ann Reed
Safeguarding Trustee

Anthony Perkins
Trustee

Soumya Holliday
Trustee

Rena Spencer
Treasurer

Kate Stephens
Trustee

Finance Committee | Remuneration and Nominations Committee | Social Impact Committee

- Mary Wynne Finch has acted as Nursery Ambassador for LEYF since November 2014
- Shirley Paddock has also acted as a Nursery Ambassador for LEYF since January 2024
- Allan Thomas Lambert resigned as Trustee and member of the Finance Committee on 23rd July 2025
- James Hick was apppointed Trustee on 23rd September 2025
- Richard Timmins resigned as Treasurer and member of Finance Committee on 11th December 2025
- Wajeha Qureshi was appointed Trustee on 11th December 2025 and resigned on 12th October 2026
- Lauren Georgia Hart resigned as Trustee and member of the Finance Committee on 27th February 2026
- David Innes Rae resigned as Trustee and member of the Finance Committee on 31st March 2026
- Rena Spencer was appointe Trustee and Treasurer on 12th October 2026
- Kate Stephens was appointed Trustee on 12th October 2026

Executive Management Team

Dr June O'Sullivan OBE
Chief Executive and Company Secretary

Michael Abbott
Director of Operations

Kevin Dyson
Director of Finance

Melanie Wright
Director of People and Culture

Report of trustees including the strategic report

Public benefit statement
In meeting the objectives and formulating future plans, the Trustees have considered the Charity Commission's guidance on public benefit. The Trustees support the principles of good governance set out in the Charity Governance Code for larger charities. The charity continues to promote care and education and protect the health of children.

Conflicts of interest and loyalty
The Trustees understand the Charity Commission requirements and understand the need to avoid and manage potential conflicts of interest and loyalty.

Achievements and performance
The achievements and performance of the charity are detailed on pages 31 to 56 of the Annual Report.

Structure management and governance
The affairs of LEYF are directed by the Trustees, who are also directors of the company limited by guarantee. The full Board of Trustees met 5 times during the financial year, including a full-day strategy away day.

The meetings include a formal agenda agreed in advance between the Chair and Chief Executive. The Board approves the strategy and the annual budget and oversees risk management by a review of LEYF's Risk Map as part of its decision-making, risk and controls function. Committee minutes and reports are brought to the Board for information and discussion. Enough time is made available for Trustees to raise other matters not included in the agenda. The day-to-day running of LEYF is delegated to the Chief Executive and the Executive Management Team. Individual nurseries are run by managers, all of whom have formal childcare qualifications and relevant experience.

In addition to their formal meetings, the Trustees conduct business through the Finance Committee (FinCom), Social Impact Committee (SIC), Remuneration and Nominations (RemNom) Committee and occasional committees set up to oversee specific projects or issues. These committees deal with our social impact, finance, premises, health and safety, and business expansion. The committees include both Trustees and relevant officers of LEYF in their membership.

The FinCom oversees the preparation of the annual budget, which is then recommended to the Board for approval. The work of the committee includes a review of the financial and operating performance of the charity, funding and liquidity management, and approves major capital expenditures as well as expansion and investment in new nurseries. The periodic reviews of delegated financial authorities and major policies of the charity are also brought to this committee for discussion and approval before recommendation to the Board as a whole.

During the financial year, FinCom met 5 times; the SIC and RemNom both met 4 times.

The SIC considers relevant matters arising out of the measurement of social impact across different LEYF nurseries, ensuring the Board of Trustees considers these for future strategic decisions. Additionally, the committee ensures that LEYF and the Board of Trustees meet the safeguarding and Health and Safety statutory requirements.

RemNom advises the Board of Trustees about governance issues including Board effectiveness, Trustee recruitment, executive-level compensation, employee rewards and succession planning. New Trustees are appointed by the full Board of Trustees. There is an open recruitment process, and Trustees are sought based on their knowledge, skills and experience, and how these will benefit the organisation.

The appointment process comprises interviews with the CEO, a member of the Executive Management Team (EMT) and a member of the RemNom. More Trustees may be involved as appropriate. Feedback is co-ordinated and a recommendation is made to the Board. If there is consensus, the potential Trustee is invited to shadow a Board meeting. Appointment is made after that, followed by an induction. The induction process includes meetings with the EMT, shadowing on committee meetings and visits to nurseries.

Trustees are encouraged to take part in LEYF events and attend appropriate training courses.

All Trustees give their time voluntarily and receive no benefits from the charity; any expenses reclaimed from the charity are set out in note 8 of the accounts.

Members of LEYF guarantee to contribute an amount not exceeding £1 to the assets of LEYF in the event of winding up. The total number of such guarantees as of 31st March 2026 was[8 (2025: 10). The Trustees have no beneficial interest in LEYF.

Reserves policy
As part of the prudent governance at LEYF, we focus on both the reserves shown in the balance sheet (the Total Charity Funds) and cash to ensure financial stability in the long term.

In terms of reserves, the key measures are:
- overall total charity funds being in surplus; and
- unrestricted reserves, shown as General Funds in the balance sheet.

The term 'unrestricted reserves' is used to describe that part of LEYF's income funds that are freely available for its operating purposes and not subject to commitments,

Report of trustees including the strategic report

planned expenditure and spending limits. Reserves in this context would not include endowment funds, restricted funds or designated funds.

In FY25/26, the reserves policy was reviewed and approved by the FinCom. The reserves policy was updated to better reflect the measures used and assessed to support our ambition and long-term growth strategy. The policy was applied throughout FY25/26 and continues to be considered appropriate.

The surplus for the year was £1.9m. The total amount of reserves as at the reporting date shows restricted funds of £2.0m and unrestricted general fund reserves as £3.2m. Overall total charity funds are now £5.2m.
The unrestricted funds in the balance sheet include the impact of accumulated amortisation of goodwill and acquisitions and depreciation of capital expenditure related to growth. Given the non-cash nature of these accounting entries, the accumulated amortisation and depreciation on growth are added back to restricted reserves to reflect the business-as-usual funds available.

The Trustees also monitor the cash position closely and we require a reserve that is both unrestricted and able to be spent as cash – our cash reserve. A dynamic target for the cash reserve has been set as one month's operating payroll cost, in accordance with the pre-agreed budget for the year. The Trustees agree that, given the probability and impact of the level of risks evaluated, this amount is sufficient to allow the organisation to recover from any additional cost or lost revenue impacting short-term cash flows.

Applying this policy requires an unrestricted cash reserve of £3.2m. LEYF monitors the level of cash and unrestricted reserves held monthly as part of the management reporting process to ensure reserves are maintained at the agreed level. Like prior years, the cash balance remains more than the balance required by the cash reserve policy on an ongoing basis and the unrestricted funds matched as at year-end the level required as at 31st March 2026.

The policy helps inform the way in which LEYF manages its cash, liquid assets and debt. All our funds continue to be held in cash or cash equivalents. The reserves policy is not a static policy and is reviewed every year or more often if the circumstances of the charity or the environment in which it operates change with time. The amount held in reserves is monitored during the course of the year as part of LEYF's budgetary processes.

Going concern
The Trustees have reviewed the trading, forecast and underlying assumptions and are confident that LEYF is a going concern. The latest forecast that was prepared considers the full year impact of the roll-out of the expansion of government-funded hours and shows our ability to meet our obligations and liabilities.
Furthermore, as part of the review of our longer-term funding strategy, the Trustees continue to consider the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements.

Future forecasts show that LEYF will require funding to support the organisation's growth strategy; this will be monitored closely by the Trustees. The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exists to cover a period of at least 12 months from the date of sign off.

Investment policy
LEYF has a policy of keeping its surplus funds in low-risk investments, generally in bank deposits. It monitors the interest rates on its deposits and the amount it needs to keep available in cash resources. LEYF reviews its investment policy regularly with a view to ensuring that it preserves the capital value and buying power of any reserves that it holds as well as providing a continuing income from its short-term surplus funds.

Remuneration policy
LEYF regularly reviews its company-wide remuneration policy, reflecting the statutory wage rates and maintaining a competitive position in our sector. The salaries of all positions are reviewed against industry norms using robust benchmarking methods. All employees received a minimum salary increase, with some small variations within our nursery roles to avoid wage compression within the payscales.

The Executive Management Team (EMT) receive the same increase as central office employees and approved within the normal budget discussions with the Board. Should any out-of-cycle reviews to remuneration of the EMT (excluding the CEO) be recommended by the CEO, we use a tool reviewed by the RemNom and the approval for any change is reviewed by the RemNom. Should an out-of-cycle review include the remuneration of the CEO, that is recommended by RemNom using the same tool and approved by the Chair of Trustees. There is careful consideration of multiple charity and private sector benchmarks before making decisions.

Related parties and relationships with other organisations
Donations received from the Trustees during the year were nil (2025: nil). During the year, LEYF received Gifts in Kind with an estimated value of £18,699 (2025: £43,240) for volunteering days from Ernst Young graduates and room hire for two events from Bain. Ernst Young is a related party as one of LEYF's Trustees is a partner of the firm but has no involvement in this transaction. Two Trustees of LEYF are employed by Bain & Company and are partners of the firm. All donations

Report of trustees including the strategic report

were without conditions attached.

The total expense incurred for services to related parties during the year was £37,689 (2025: £54,905). This amount includes payments of £34,279 (2025: £51,405) that were made to both the Chief Executive Officer and a key member of staff, which were made under standard employment and supplier terms. In addition, £3,410 (2025: £3,500) was paid for a membership of Social Enterprise (UK), which is a charity connected to the Chief Executive Officer.

Employment practices
LEYF works hard to create a culture of dignity and respect, striving to ensure that our work and learning environments are welcoming, inclusive and respectful. LEYF has a variety of policies such as our Dignity at Work policy, which promotes the expected behaviours and confirms how someone could raise any issues they may have experienced.
Candidates for employment or promotion, both internal and external, are assessed objectively against the skills, experiences and values requirements for the job. We are committed to implementing any reasonable adjustments where to support candidates may request this for reasons such as disability or neurodiversity.

LEYF holds regular Forums and strategy meetings to share, inform and discuss where we receive input and feedback, listen and engage, as well as update on a range of topics including employees' organisational strategy, external matters, the future direction of LEYF, employee engagement and parent survey results, and much more.

LEYF reviews and maintains a suite of employee benefits to encourage employee retention and involvement.

Risk management
The Trustees believe that the charity has appropriate procedures and controls in place to adequately mitigate against risks to which we are exposed.

Systems include:
- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the Trustees;
- regular consideration by the EMT of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- in-depth review of financial performance and risk by the FinCom, including review of growth planning;
- in-depth annual review of the management of safeguarding and other incidents by Trustees at the Social Impact Committee;
- continuing development of a performance measurement framework to ensure we further improve our understanding of our work and its impact; and
- scaled delegated authority levels and segregation of duties.

LEYF's approach to risk management includes the identification of risks on both 'top-down' and 'bottom-up' bases. This involves considering internal and external factors affecting our strategic goals and specific risks attributable to detailed operations. Identified risks are rated according to the likelihood and impact of the risk occurring. We overlay on this a review of the risks to delivery of the business plan for the current and subsequent years.

Mitigating controls are identified and, where further action is required, deadlines and responsibilities assigned. Those activities with higher risk ratings are prioritised. In addition to review by the EMT team and the FinCom, the risk register is reviewed annually by the Board of Trustees, who also receive a mid-year update on key risks.

A key element of our control framework is comprehensive reporting of incidents, accidents and near-misses. This reporting includes any safeguarding, information or governance breaches that occur. These are considered by the appropriate governance committees. They also consider the decisions as to whether any such occurrences should be reported to the relevant regulatory body. LEYF maintains a strong culture of reporting incidents. Each of these risks is overseen by the Board of Trustees or a delegated committee.

In September 2026, a serious incident was reported to the Charity Commission in line with its guidance on reporting. The incident related to a Welfare Requirements Notice and subsequent temporary suspension of registration at one of LEYF's nurseries. Work is ongoing to resolve this situation.

Principal risks and uncertainties
The Trustees continue to review major strategic, business and operational risks (including Health and Safety). The Trustees conduct an annual review of the strategic options for LEYF in the context of the need for its services and the availability of future funding.

The Board of Trustees has in place an assessment of the major risks facing LEYF now and in the future, which is updated regularly. The Trustees receive regular reports that monitor the financial and operational position and exposure to risk. The Trustees are satisfied that systems are in place to monitor and control all areas where there is an identifiable risk with financial, operational or reputational implications. Each of LEYF's objectives is linked to the risk register.

Report of trustees including the strategic report

The most significant risks facing LEYF for the year ahead have been identified as:

- Changes in government legislation of funding that alters the fundamentals of the childcare business, particularly the increasing reliance on income from government funding. This could have far-reaching consequences for the charity depending on the nature of the change.
- The impact of employee shortages across the sector. Employee turnover with unmatched levels of recruitment resulting in increased reliance on Bank employees and agency employees. This could continue to impact occupancy levels, operational costs, quality of delivery and employee morale.
- The impact of inflation on the operational activities of the nurseries. This could directly impact essential running cost of the nurseries, in particular food and utilities.
- The impact of rising interest rates on loans which will result in increased finance cost and indirectly impact on our long-term plans for growth.

These risks can impact revenue stability and growth, and LEYF's ability to deliver a high quality service:

- Revenue stability and growth is managed by ensuring that occupancy, a key driver of profitability, is maximised by targeted marketing, good customer relations, high quality service delivery and a focus on maintaining waiting lists.
- High service quality is managed through training and the recruitment of suitably skilled employees for all nurseries and the Central Office with a strong programme of support to retain employees.

The Trustees further recognised two other major strategic risks for the business:

- Safeguarding the children
- Health and Safety risks.

Both these risks have been subjected to intensive analysis and mitigating plans and the Board of Trustees is comfortable that all efforts are being made to reduce them.

Financial instruments

LEYF's financial instruments are operational cash generation from trading activities and loans from 5 providers: Bonds issued through Triodos Bank UK Limited (The Registrar), CBILS, Trust for London Trustee, the Postcode Innovation Trust, and Esmee Fairbairn Foundation.

The charity also has operating leased assets, debtors and creditors arising from its day-to-day operation to provide working capital to help manage its cash flows.

Liquidity risk

The charity manages its cash, borrowings and working capital in order to provide the social impact of our purpose while ensuring the charity has sufficient liquid resources to meet the needs of the operation. LEYF now has unrestricted reserves of £3.9m (2025: £2.2m).

THE LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2026

The Trustees (who are also directors of LEYF for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- There is no relevant audit information of which the charitable company's auditors are unaware;
- They have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information;
- They are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website;
- The legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Buzzacott Audit LLP was re-appointed as the charitable company's auditors during the year and has expressed its willingness to continue in that capacity.

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report and the Directors Report required by company law (included therein) are approved by the Board of Trustees in their capacity as directors and signed on their behalf by:



Michael Garstka,
Chair of Trustees
28th October 2026

Independent auditor's report to the members of London Early Years Foundation

Opinion
We have audited the financial statements of London Early Years Foundation (the 'charitable company') for the year ended 31 March 2026 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are

Independent auditor's report to the members of London Early Years Foundation

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), the Charities Act 2011 and the Companies Act 2006).
- We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing of expenditure including the authorization thereof; and
- tested journals to identify unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
30th October 2026

The London Early Years Foundation

Statement of Financial Activities (incorporating the income and expenditure account)

For the year ended 31 March 2026

	Note	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Income from:							
Donations	2	385,914	184,635	**570,549**	584,852	210,719	795,571
Charitable activities							
Childcare Income	3	42,036,106	859,327	**42,895,433**	35,588,701	493,019	36,081,720
Training Income	3	90,292	-	**90,292**	87,976	-	87,976
Interest Income		56,351	-	**56,351**	54,791	-	54,791
Other		76,356	113,836	**190,192**	62,777	75,776	138,553
Total income		42,645,019	1,157,798	**43,802,817**	36,379,097	779,514	37,158,611
Expenditure on:							
Charitable activities							
Childcare Expenditure	4	40,376,357	995,253	**41,371,610**	34,969,894	945,283	35,915,177
Training Expenditure	4	512,295	13,737	**526,032**	461,726	655	462,381
Total expenditure		40,888,652	1,008,990	**41,897,642**	35,431,620	945,938	36,377,558
Net surplus/(deficit) for the year		1,756,367	148,808	**1,905,175**	947,477	(166,424)	781,053
Transfers between funds	20	(738,000)	738,000	**-**	-	-	-
Net movement in funds		1,018,367	886,808	**1,905,175**	947,477	(166,424)	781,053
Reconciliation of funds:							
Total funds brought forward	18	2,174,414	1,107,243	**3,281,657**	1,226,937	1,273,667	2,500,604
Total funds carried forward		3,192,781	1,994,051	**5,186,832**	2,174,414	1,107,243	3,281,657

All of the charity's activities derived from continuing operations during the above two financial years.

The Charity has no recoginised gains or losses other than those shown above

The London Early Years Foundation

Balance sheet

For the year ended 31 March 2026

	Note	£	2026 £	£	2025 £
Fixed assets:					
Intangible assets	10		**1,215,482**		1,484,151
Tangible assets	11		**7,203,412**		6,760,676
			8,418,894		8,244,827
Current assets:					
Debtors	12	**1,772,552**		1,656,696	
Cash at bank and in hand	20	**4,613,819**		2,707,817	
Cash held on Deposit for Pension Bond		**738,000**		-	-
		7,124,371		4,364,513	
Liabilities:					
Creditors: amounts falling due within one year	13	**(7,593,714)**		(6,502,589)	
Net current (liabilities)/assets			**(469,343)**		(2,138,076)
Total assets less current liabilities			**7,949,552**		6,106,751
Creditors: amounts falling due after one year	15		**(2,762,720)**		(2,825,094)
Total net assets			**5,186,832**		3,281,657
The funds of the charity:	18				
Restricted income funds			**1,994,051**		1,107,243
Unrestricted income funds:					
General funds			**3,192,781**		2,174,414
Total charity funds			**5,186,832**		3,281,657

The financial statements on pages 40 to 57 were approved by the Board and authorised for issue on 28th October 2026 and signed on its behalf by:



Michael Garstka
Chair

28th October 2026

Company no. 02228978

The London Early Years Foundation

Cash flow satement

For the year ended 31 March 2026

	Note	£	2026 £	£	2025 £
Cash flows from operating activities	19		4,568,542		2,982,334
Cash flows from investing activities:					
Purchase of intangible assets		(11,683)		(477,018)	
Purchase of tangible assets		(1,392,773)		(1,394,276)	
Net cash used in investing activities			(1,404,457)		(1,871,294)
Cash flows from financing activities:					
Proceeds from borrowing		400,000		-	-
Cash placed in Pension bond		(738,000)		-	
Repayments of borrowing		(757,383)		(714,475)	
Interest paid		(162,700)		(212,920)	
Net cash used in financing activities			(1,258,083)		(927,395)
Change in cash and cash equivalents			1,906,002		183,645
Cash and cash equivalents at the beginning of the year			2,707,817		2,524,172
Cash and cash equivalents at the end	20		**4,613,819**		2,707,817

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Companies Act 2006. The financial statements are in GBP (£) which represents both presentational and functional currency and are rounded to the nearest £1.

London Early Years Foundation 'the organisation' is a company incorporated in England, United Kingdom under the Companies Act 2006. The organisation is a private limited company by guarantee without share capital and is registered in England and Wales. The registered office address is 121 Marsham Street, London, SW1P 4LX. The organisation is a registered charity limited by guarantee. Company number 02228978 and Charity number 299686.

b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

c) Going concern

The Trustees have reviewed the trading and cash forecasts, along with the underlying assumptions, and are confident that LEYF is a going concern. The latest forecast demonstrates LEYF's ability to meet its obligations and liabilities. Over the past year, LEYF has consistently met its obligations and liabilities, and the Trustees are satisfied that LEYF will continue to do so over the next twelve months.

In the Spring 2023 budget, the government announced a significant expansion and investment in childcare entitlements. This was rolled out between April 2024 and September 2025, along with increased funding rates from local authorities and has had a positive impact on performance and cashflow.

The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exists to cover a period of at least 12 months from the date of sign-off."

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

e) Donations of gifts

On receipt, cash gifts are recognised on the basis of the value of the gift to the charity which is their monetary value. LEYF also receives donations in kind, and the monetary values of these is recognised when the donation in kind is material and on the basis of estimated current market value.

f) Critical accounting estimates and judgements

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions which could have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are in relation to the provision for doubtful debts, the value of donations in kind, depreciation, amortisation, lease dilapidations and consideration of impairment of goodwill. Estimates are based on historical experience and other pertinent information, actual results may differ from these estimates.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

g) Interest receivable
Interest on funds held on deposit is included when received and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Interest payable
Interest on loans held is recognised when payable and the amount can be measured reliably by the charity; this is normally upon notification of the interest payable from the lender.

i) Fund accounting
LEYF maintains both restricted and unrestricted funds:
Unrestricted funds are donations and other incoming resources receivable or generated for the objects of LEYF.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Fund transfers - Restricted funds are transferred to unrestricted funds on occasion when restricted income has been used and restrictions no longer apply.

j) Expenditure and irrecoverable VAT
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on charitable activities includes the costs of delivering childcare undertaken to further the purposes of the charity and their associated support costs;

Training expenditure represents those costs that are for the training and development activity to develop LEYF staff and support the organisation and cannot be directly linked to childcare provision. Included within here are costs of the LEYF academy. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

k) Allocation of support and governance costs
Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between support and charitable activities on the basis of area occupied by each activity:

Childcare	**80%**
Training	**1%**
Support costs	**18%**
Governance costs	**1%**
	100%

Support and governance costs incurred on each of the Childcare and Training activities have been charged on the basis of staff time.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

l) Termination benefits

Settlement and redundancy cost are measured at the best estimate of the expenditure that would be required to settle the obligation and are recognised as an expense in the profit and loss.

m) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

n) Intangible fixed assets

Intangible fixed assets are made up of goodwill relating to the acquisition of nurseries, and software, development and implementation cost relating to the charity's Customer Relationship Management system (CRM), Human Resources system (HR), and the charity's website.

Goodwill arising from the acquisition of nurseries is written off over the shorter of, the length of tenure of the property lease, or 10 years.

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) which is expected to benefit from the acquisition. The CGU is determined as the LEYF group of nurseries. Cash generating units are reviewed at least annually, or more frequently when there is an indication that the CGU may be impaired. LEYF have reviewed the new nurseries and assets for any impairment in value. Each nursery has been considered as part of our consolidated mixed (profit making and social mission) nursery portfolio. There are no indications that any asset may be significantly impaired.

Software cost are stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the depreciable amount of the assets to its residual value over the estimated useful life. Software cost are amortised over 5 years.

Development cost relating to the CRM system, website and HR system are capitalised in the accounts as intangible assets. Upon completion, these cost will be amortised over the estimated useful life of 5 years.

o) Tangible fixed assets

Tangible fixed assets are initially measured at cost net of depreciation and any impairment losses. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Property	Leasehold property and improvements to leasehold property	50 years for Head office Other leases over the length of the lease
	Building Improvements	20 years or the length of the lease, whichever is shorter.
	Refurbishment Costs	5 years
Fixtures & Fittings	Furniture	10 years
	Industrial Appliances	10 years
	Domestic Appliances	5 years
Equipment	Nursery Toys & Equipment	10 years
	IT Equipment	4 years
	Office Equipment	5 years

p) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand
Cash at bank and in hand includes cash and savings in an instant access deposit account.

r) Pensions bond
The charity has a bond in place to provide security for membership the Local Government Pension Scheme. This has been recognised at face value on issue and is included within current assets as it could be called on at any time. As the Charity cannot unilaterally access these funds this has been treated as a restricted asset.

s) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Parental deposits held are recognised at their repayable value.

t) Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The charity's principal financial instruments include a bank overdraft and a loan from the Coronavirus Business Interruption Loan scheme (CBILS), Bonds issued through Triodos Bank UK Limited (the Registrar), Trust for London Trustee, Postcode Innovation Trust and Esmee Fairbairn. LEYF Property and assets are security for the CBILS loan.

The charity has debtors and creditors arising from its day-to-day operations to provide working capital. Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Creditors and provisions are recognised at their settlement amount after allowing for any trade discounts due.

u) Doubtful debt provision
In specific instances where a debtor amount has been identified as unlikely to be collected, a provision for the doubtful debt is recognised in debtors.

2. Donations

	Unrestricted £	Restricted £	**2026 Total £**	2025 Total £
Donations	311,598	184,635	**496,233**	534,961
Gifts in Kind	74,316	-	**74,316**	260,610
	385,914	184,635	**570,549**	795,571

Income from donations relate to funds and consultancy provided from other organisations or individuals to support the delivery of LEYF's charitable objectives.

Gifts in Kind include consultancy and guidance provided by the Social Business Trust, as well as, donated goods provided by Bikeworks, Greenbottoms, Bain and Clifford Chance.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

3. Charitable activities

	Unrestricted £	Restricted £	**2026 Total £**	2025 Total £
Income from charitable activities				
Childcare fees	24,210,308	-	**24,210,308**	42,985,725
Local Authority grants	17,754,762	819,327	**18,574,089**	10,141,028
Other grant income	71,036	40,000	**111,036**	227,856
Sub-total for Childcare income	42,036,106	859,327	**42,895,433**	36,081,720
Training Income	90,292	-	**90,292**	87,976
Sub-total for Other income	90,292	-	**90,292**	87,976
Total income from charitable activities	42,126,398	859,327	**42,985,725**	36,169,696

Local Authority grants totalling £17,537,183 (2025: £9,620,596) received relates to funded hours for children from 9 months to 4 years old. Restricted income from charitable activities in the prior year was £493,019.

4. Expenditure

	Charitable activities						
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £	**2026 Total £**	2025 Total £
Staff costs (Note 6)	24,405,523	369,322	-	5,353,103	555,000	**30,682,948**	25,801,836
Learning & Development	39,775	142,973	-	45,819	13,737	**242,304**	232,837
Recruitment and Personnel	1,042,369	-	-	315,142	-	**1,357,511**	1,180,207
Property	4,963,600	-	-	63,812	-	**5,027,412**	4,618,293
Consumables and Activities	1,469,146	-	-	1,327,717	241,628	**3,038,491**	2,883,315
Depreciation, Amortisation & Losses	810,150	-	-	236,049	182,657	**1,228,856**	1,103,957
Audit and Other Professional Fees	-	-	238,112	66,040	15,968	**320,120**	557,113
	32,730,563	512,295	238,112	7,407,682	1,008,990	**41,897,642**	36,377,558
Support costs	7,407,682	-	-	(7,407,682)	-	-	-
Governance costs	238,112	-	(238,112)	-	-	-	-
Total expenditure 2026	**40,376,357**	**512,295**	**-**	**-**	**1,008,990**	**41,897,642**	**-**
Total expenditure 2025	34,969,894	461,726	-	-	945,938	-	36,377,558

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

5. Net expenditure for the year

This is stated after charging:

	2026 Total £	2025 Total £
Depreciation	**938,801**	790,299
Amortisation	**280,351**	254,620
Loss on disposal of fixed assets	**11,237**	59,367
Interest payable	**160,901**	204,217
Operating lease rentals:		
Property	**1,665,319**	1,853,999
Equipment hire	**33,817**	37,574
Auditor's remuneration (excluding VAT):		
Current Year Audit	**54,950**	52,850
Other costs (financial and taxation advice)	**146**	710

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2026 Total £	2025 Total £
Salaries and wages	**25,441,437**	22,124,713
Social security costs	**2,906,206**	2,003,087
Employer's contribution to defined contribution pension schemes	**2,010,649**	1,379,630
Apprentice levy	**324,656**	294,407
	30,682,948	25,801,837

During the year redundancy and settlement costs were £27,026 (2025:£142,548), of which £nil relate to exgratia payments (2025: £24,000).

Agency Costs for the year were:	**1,082,983**	898,125

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2026 No.	2025 No.
£60 001 - £70 000	**10**	8
£70 001 - £80 000	**-**	2
£80 001 - £90 000	**3**	2
£90 001 - £100 000	**1**	-
£100 001 - £110 000	**-**	-
£110 001 - £120 000	**1**	1
£120 001 - £130 000	**1**	1
£130 001 - £140 000	**1**	1
£140 001 - £150 000	**-**	1
£150,001 - £160,000	**-**	2
£160,001 - £170,000	**1**	-
£170,001 - £180,000	**1**	-

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

The total employee benefits including pension and national insurance contributions of the key management personnel were £810,535 (2025: £785,816).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2025: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2025: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £nil for the year (2025: £nil).

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2026 No.	2025 No.
Childcare	**932**	852
Training	**10**	14
Support	**82**	75
	1,024	941

In March 2026, the number of staff employed on an FTE basis were 727 (2025: 724).

8. Related party transactions

During the year LEYF received Gifts in Kind with an estimated value of £18,699 (2025: £43,240) for volunteered days from EY graduates and Room hire for two events from Bain. EY is a related party as one of LEYF's Trustees is a partner of the firm, but has no involvement in this transaction. Two Trustees of LEYF are related to Bain & Company and are partners of the firm. All donations were without conditions attached.

The total expense incurred for services to related parties during the year was £37,689 (2025: £54,905). This amount includes payments of £34,279 (2025: £51,405) made to related parties of the CEO and a key member of staff. These were made under standard employment and supplier terms. In addition £3,410 (2025: £3,500) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief Executive Officer.

As at 31 March 2026 a total amount of £nil (2025 - none) was payable to related parties and have been included in trade creditors.

9. Taxation

Donations The charitable company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

10. Intangible fixed assets

	Software* £	Goodwill Acquired Nurseries £	**Total £**
Cost or valuation			
At the start of the year	691,077	1,591,104	**2,282,181**
Additions in year	11,683	-	**11,683**
At the end of the year	702,760	1,591,104	**2,293,864**
Amortisation			
At the start of the year	464,184	333,847	**798,031**
Charge for the year	127,260	153,091	**280,351**
At the end of the year	591,444	486,938	**1,078,382**
Net book value			
At the end of the year	111,316	1,104,166	**1,215,482**
At the start of the year	226,893	1,257,257	**1,484,150**

All of the above assets are used for charitable purposes.
*Included in software are costs relating to the development of the charity's Customer Relationship Management system, Human Resources system as well as costs relating to the upgrade of the charity's website.

11. Tangible fixed assets

	Leasehold Properties & Improvements £	Marsham Street Building £	Nursery Computer & Office Equipment £	Fixtures and Fittings £	**Total £**
Cost or valuation					
At the start of the year	6,174,007	2,818,061	1,020,931	1,097,469	**11,110,468**
Additions in year	559,266	-	187,099	646,408	**1,392,773**
Transfers in the year	292,272	-	-	(292,272)	**-**
Disposals	(5,074)	-	(8,056)	(14,444)	**(27,574)**
At the end of the year	7,020,471	2,818,061	1,199,974	1,437,161	**12,475,667**
Depreciation					
At the start of the year	2,078,575	1,058,632	661,028	551,557	**4,349,792**
Charge for the year	641,775	61,272	104,674	131,080	**938,801**
Transfers in the year	15,121	-	-	(15,121)	**-**
Disposals	(4,519)	-	(5,182)	(6,637)	**(16,338)**
At the end of the year	2,730,952	1,119,904	760,520	660,879	**5,272,255**
Net book value at the end of the year	4,289,519	1,698,157	439,454	776,282	**7,203,412**
At the start of the year	4,095,432	1,759,429	359,903	545,912	**6,760,676**

All of the above assets are used for charitable purposes.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

12. Debtors

	2026	2025
	£	£
Trade debtors	**667,481**	701,189
Other debtors	**87,454**	96,148
Prepayments	**932,723**	730,607
Accrued income	**84,894**	128,752
	1,772,552	1,656,696

13. Creditors: amounts falling due within one year

	2026	2025
	£	£
Loans	**499,641**	796,449
Trade creditors	**1,300,335**	871,161
Taxation and social security	**577,684**	437,101
Other creditors	**2,239,045**	1,602,464
Accruals	**1,256,048**	1,213,500
Deferred income (Note 15)	**1,720,961**	1,581,914
	7,593,714	6,502,589

14. Deferred income

Deferred income in the year ended March 2026 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2026.

	2026	2025
	£	£
Balance at the beginning of the year	**1,581,914**	863,937
Amount released to income in the year	**(1,581,914)**	(863,937)
Amount deferred in the year	**1,720,961**	1,581,914
Balance at the end of the year	**1,720,961**	1,581,914

15. Creditors: amounts falling due after one year

	2026	2025
	£	£
Loans	**2,762,720**	2,825,094

	2026	2025
	£	£
Less than one year	**499,641**	796,449
Between two to five years	**2,456,599**	2,378,469
Over five years	**306,121**	446,625
Total due	**3,262,361**	3,621,543

A loan agreement of £3,000,000 under the Coronavirus Business Interruption Loan Scheme (CBILS) was entered into on 11 June 2020 and was drawn down on 24 September 2020. The loan is repayable over 72 instalments from this date. The first 12 months was an interest and capital free period after which interest at Bank Base Rate + 2.5% is repayable quarterly and capital repayments of £50,000 were repayable monthly from October 2021. The balance owing as at 31 March 2026 is £301,451 (2025: £905,521) which includes interest of £1,541 (2025: £5,521).

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Notes to the financial statements

For the year ended 31 March 2026

The loan is secured by a fixed and floating charge, the fixed charge is secured over all the assets of the charity and the floating charge is over all other property, assets and rights which is not subject to any other effective fixed charge.

On 5 May 2022, LEYF launched a bond issue through Triodos Bank UK Limited (the Registrar). These bonds were in the form of 1,500,000 bonds each with a nominal value of £1, with a minimum investment of £50, repayable on 31 May 2029 and with an average interest rate of 4.75%, payable on 31 May each year. The first interest payment was paid on 31 May 2023. On 7 July 2022, £1.0m bonds were allotted, with the balance of £0.5m being allotted on 1 September 2022. As at 31 March 2026 the balance owing is £1,531,483 (2025: £1,558,045), which includes interest of £57,983 (2025: £59,045). The bonds are unsecured.

On 1 November 2022, LEYF entered into a loan agreement with The Postcode Innovation Trust. An amount of £125,000 was received on 30 March 2023. Interest is payable monthly, at an annual rate of 3% with the effective interest start date of 1 April 2023. The loan is repayable in monthly instalments over the agreed term. As at 31 March 2026 the balance owing is £76,272 (2025: £93,337), which includes interest of £190 (2025: £nil). This loan is unsecured.

On 31 March 2023 LEYF received a £800,000 loan from Trust for London Trustee with a further £322,000 received on 22 May 2023 . The loan bears interest at a variable rate of 0.5% above the Bank of England base rate, capped to 4%. The first 12 months of interest were rolling interest and forms part of the total capital outstanding. Capital and interest monthly repayments began on 1 May 2024. As at 31 March 2026 the balance owing is £953,065 (2025: £1,064,640). The total interest capitalised was £37,435 (2025: £39,369). This loan is unsecured.

On 28 August 2025 LEYF received £400,000 from the Esmee Fairburn Foundation. Interest is payable quarterly with the rate based on social outcomes. Depending on these outcomes the rate will be between 2.5% and 5% with capital repayable quarterly from June 2027 to the end of March 2030. As at 31 March 2026 the balance owing is £400,000,
this includes interest of £nil.

16. Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2025: 7%) for all eligible staff. Outstanding contributions, for the Royal London Pension scheme, awaiting payment at the 31st March 2026, included in other creditors, were £364,342 (2025: £173,218). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

As at the 31st March LEYF were in discussions to join the London Borough of Hillingdon Pension fund, administered by the Local Government Pension Scheme (LGPS). As at the 31st March this agreement was not signed and therefore, as there is no legal obligation and insufficient information, this arrangement is currently accounted for as a defined contribrution plan. Contributions of £106,146 have been taken as at 31st March 2026, held in a separate bank account, along with £21,229 accrual for estimated contributions not yet taken. As a result of the transaction with Hillingdon and joining of the LGPS, LEYF recognises a contingent liability at year end for the pension liability for Hillingdon staff members. Due to investment and Actuarial uncertainty LEYF are unable to recognise the impact of the financial effect.

In preparation of joining the LGPS, LEYF entered into a Cash guaranteed Bond with NatWest which holds cash balances in a designated account as a bank guarantee in favour of the Local Government Pension Scheme. These funds are restricted to secure the pension obligations of the transferred nursery employees and cannot be used for the general charitable purposes of the organisation. As a result, this bond has been recognised as a restricted fund at year end.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

17. Analysis of net assets between funds

	General Unrestricted £	Restricted £	2026 Total Funds £
Fixed assets	7,647,189	771,705	**8,418,894**
Net current assets	(1,691,688)	1,222,346	**(469,342)**
Long-term liabilities	(2,762,720)	-	**(2,762,720)**
Net assets at the end of the year	**3,192,781**	**1,994,051**	**5,186,832**

	General Unrestricted £	Restricted £	2025 Total Funds £
Fixed assets	7,523,655	721,172	**8,244,827**
Net current liabilities	(2,524,147)	386,071	**(2,138,076)**
Long-term liabilities	(2,825,094)	-	**(2,825,094)**
Net assets at the end of the year	**2,174,414**	**1,107,243**	**3,281,657**

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

18. Movement in funds

2025-26	At the start of the year £	Income £	Expenditure £	Transfers £	At the end of the year £
Restricted funds:				-	
Marsham Street Renovations	661,384	-	(52,940)	-	**608,444**
Pension Bond Reserve	-	-	-	738,000	**738,000**
Carlton Hill Refurbishment	57,478	-	(12,101)	-	**45,377**
Funding for vulnerable children	4,255	150,000	(136,162)	-	**18,093**
Colville Crisis Funding	12,516	-	-	-	**12,516**
Food banks	25,538	1,241	(2,483)	-	**24,296**
Chef Academy Funding	906	30,000	(30,332)	-	**574**
SEND Funding	-	563,118	(303,767)	-	**259,351**
LEYF Training Academy Funding	180,742	-	(180,742)	-	-
Strategic Growth Funding	126,150	234,661	(122,754)	-	**238,057**
Other Funds	38,274	178,778	(167,709)	-	**49,343**
Total restricted funds	1,107,243	1,157,798	(1,008,990)	738,000	**1,994,051**
Total unrestricted funds - general funds	2,174,414	42,645,019	(40,888,652)	(738,000)	**3,192,781**
Total funds	3,281,657	43,802,817	(41,897,642)	-	**5,186,832**

2024-25	At the start of the year £	Income £	Expenditure £	At the end of the year £
Restricted funds:				
Marsham Street Renovations	714,326	-	(52,942)	**661,384**
Carlton Hill Refurbishment	69,582	-	(12,104)	**57,478**
Funding for vulnerable children	()	150,000	(145,745)	**4,255**
Colville Crisis Fund	12,516	-	-	**12,516**
Food Banks	1,867	26,338	(2,667)	**25,538**
Chef Academy Funding	86,225	-	(85,319)	**906**
Additional Government Funding (inc SEND)	-	234,399	(234,399)	**-**
LEYF Training Academy Funding	228,667	218,898	(266,823)	**180,742**
Strategic Growth Funding	125,000	27,722	(26,572)	**126,150**
Other Funds	35,484	122,161	(119,371)	**38,274**
Total restricted funds	1,273,667	779,518	(945,942)	**1,107,243**
Total unrestricted funds - general funds	1,226,937	36,379,097	(35,431,620)	**2,174,414**
Total funds	2,500,604	37,158,615	(36,377,562)	**3,281,657**

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The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

18. Movements in funds (continued)

Purposes of restricted funds

The Pension Bond Fund represents cash balances held in a designated account with NatWest as a bank guarantee in favour of the Local Government Pension Scheme. These funds are contractually restricted to secure the pension obligations of the transferred nursery employees and cannot be used for the general charitable purposes of the organisation.

Marsham Street Renovations Fund received funds from Westminster City Council, Social Investment Business and a number of other donors to fund the renovation of 121 Marsham Street offices and Marsham Street Nursery.

Carlton Hill Refurbishment Fund received funds from Westminster City Council to fund the capital works required at the nursery when we took on the nursery.

Funding for Vulnerable Children includes donations received to provide additional hours for vulnerable children, summer club and food hampers.

Colville Crisis Fund was transferred from Colville Nursery Centre when we took ownership of the nursery in order to be used to support local parents with their nursery fees in times of personal crisis and parents staying in the local refuge who are not able to afford childcare.

Funding for Food Banks relates to donations received to support the running of our Food Banks.

Chef Academy Fund was launched in July 2019. A grant from Guy's and St Thomas' Charity supporting the evaluation of how the Chef Academy can have an impact on Early Years environments and in turn eating behaviours, to help tackle childhood obesity.

Additional Government Funding (inc SEND) received to support the provision of children with additional Special Education Needs and Disabilities or for socio-economically disadvantaged children.

LEYF Training academy funding was received to support the upskilling in Early Years. There is a well-established link between qualified Early Year teachers and better outcomes for children.

Strategic growth funding is used to support our strategic growth, including expansion into areas of London where we can maximise our social impact.

Other Funding relates to Green LEYF which helps us to develop environmental activities across our nurseries, Special Support Fund for families in crisis and other small value funds.

19. Reconciliation of net expenditure to net cash flow from operating activities

	2026	2025
	£	£
Net surplus income for the reporting period (as per the statement of financial activities)	**1,905,175**	781,053
Depreciation and amortisation charges	**1,219,152**	1,044,918
Loss on disposal of tangible fixed assets	**11,237**	59,367
Interest payable	**160,901**	204,217
Increase in debtors	**(115,856)**	(441,337)
Increase in creditors	**1,387,933**	1,334,116
Net cash provided by/ (used in) operating activities	**4,568,542**	2,982,334

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

20. Analysis of cash

	At 1 April 2025 £	Cash flows £	**At 31 March 2026 £**
Cash at bank and in hand	2,707,817	1,906,002	**4,613,819**
Total cash and cash equivalents	2,707,817	1,906,002	**4,613,819**

21. Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	£	£	**2026 £**	2025 £
	Property	Other	**Total**	Total
Less than one year	1,866,006	18,071	**1,884,077**	1,627,311
One to five years	6,284,393	32,015	**6,316,408**	5,770,756
Over five years	8,273,144	-	**8,273,144**	7,330,585
	16,437,243	50,086	**16,487,329**	14,728,652

22. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

23. Capital Commitments

As at 31 March 2026, outstanding capital commitments totalled £830,064 (2025: £nil). This includes refurbishment and capital improvements made to the newly acquired nurseries in Hillingdon, as well as full refurbishment of Carlton Hill nursery.

24. Net debt reconciliation

	At 1 April 2025 £	Cash flows £	Other non-cash changes £	**At 31 March 2026 £**
Cash at bank and in hand	2,707,817	1,906,002	-	**4,613,819**
Debt due within one year	(796,449)	731,883	(435,075)	**(499,641)**
Debt due after one year	(2,825,094)	(374,500)	436,874	**(2,762,720)**
Total cash and cash equivalents	(913,726)	2,263,385	1,799	**1,351,458**

25. Subsequent events

On 24th April 2026 LEYF joined the London Borough of Hillingdon defined benefit pension scheme operated by the Local Government Pension Scheme (LGPS). As part of this agreement we are holding a £738,000 bond which will be paid over to the Admissions Body in the event of liquidation or breach of LEYF obligations under the defined benefit pension scheme.

The Landlord for Stoke Newington Nursery has given notice to leave the premises by November 2026. Included in the accounts is a provision of £8,000 to cover estimated dilapidation costs and fixed assets have been reviewed and an impairment adjustment has been made of £106,999.

In September 2026, a serious incident was reported to the Charity Commission in line with its guidance on reporting. The incident related to a Welfare Requirements Notice and subsequent temporary suspension of registration at one of LEYF's nurseries. Work is ongoing to resolve this situation.

Experiences in early childhood literally shape lives and are often the root cause of today's hardest social challenges such as addiction, poor mental health and homelessness.

LEYF is impelled by the need to provide best quality education and care every day in our nurseries, as we know this will make the biggest difference to children's futures.

www.leyf.org.uk

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The London Early Years Foundation

Annual report and accounts
2025/26

Company number 02228978
Charity number 299686

Leyf Nurseries



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Message from our Chair and Chief Executive



The past financial year, April 2025 to March 2026, has been one of significant change for the Early Childhood Education and Care sector. Throughout this period, The London Early Years Foundation (LEYF) has remained steadfast in its commitment to delivering high quality early education while supporting children, families and communities across London. Our ability to do so reflects the strength of our social enterprise model, the dedication of our workforce and our determination to contribute positively to both our local communities and the wider sector.

This commitment is reflected in the strength and engagement of our employees. The results of our most recent employee engagement survey are particularly encouraging, with 88% of respondents reporting they feel proud to work for LEYF and 90% feeling motivated to do their best work. These outcomes reflect our continued investment in recruitment, retention, professional development and employee wellbeing, all of which are essential to maintaining quality and delivering impact.

As a social enterprise, we are committed not only to our own provision but also to strengthening the wider evidence base for Early Childhood Education and Care. During the year, we updated and republished our Twoness of Twos report, making it freely available to support educators in meeting the needs of two-year-olds, a cohort that will increasingly access extended provision. Through the London Institute of Early Years (LIEY), we have continued to contribute to research, professional dialogue and quality improvement, ensuring that learning from practice informs both policy and provision.

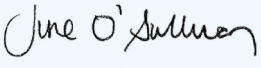
LEYF has also continued to play an active role in supporting both its own nurseries and the wider sector. Our cross-subsidy model remains a critical tool for sustaining provision in disadvantaged communities, including targeted support for local authorities such as Hillingdon. As local authorities face increasing pressure from demographic change, budget constraints and rising social care demands, these partnerships have become even more important in helping to maintain access to quality early education where it is needed most.

Alongside these achievements, the year has been marked by significant policy developments. Following the arrival of the Labour Government, there has been a clear commitment to deliver the most substantial expansion of funded childcare in recent history. The rollout of 30-hour funded provision to all eligible children from 9 months to 4 years signals a welcome recognition of the importance of early education and childcare for children, families and the economy. However, success will depend not only on access but also on sustainability. Without consistent funding and a more inclusive eligibility framework, there remains a real risk that the policy could unintentionally widen the disadvantage gap by excluding those children who would benefit most.

This concern was heightened by the unexpected financial pressure from the rise in National Insurance Contributions. The lack of an exemption for charities and social enterprises delivering government priorities has materially affected the sector's financial resilience. At the same time, the recent court ruling confirming that fee charges for food and consumables must be treated as voluntary contributions has introduced further uncertainty. For many providers, particularly in areas of higher deprivation, these charges have been a necessary means to bridge the gap between public funding and the real cost of delivery. The removal of this certainty places additional strain on already fragile business models.

Despite these external challenges, we remain confident in the value of our mission and are determined to help shape a more sustainable and equitable future for Early Childhood Education and Care. We believe that high quality early education is one of the most effective investments society can make. Through our nurseries, research, partnerships and advocacy, we will continue to champion sustainable, inclusive and socially purposeful approaches that ensure every child has the opportunity to thrive.

We are grateful to our Board of Trustees for their steadfast support and commitment to our social purpose as we continue to navigate a complex and evolving landscape.



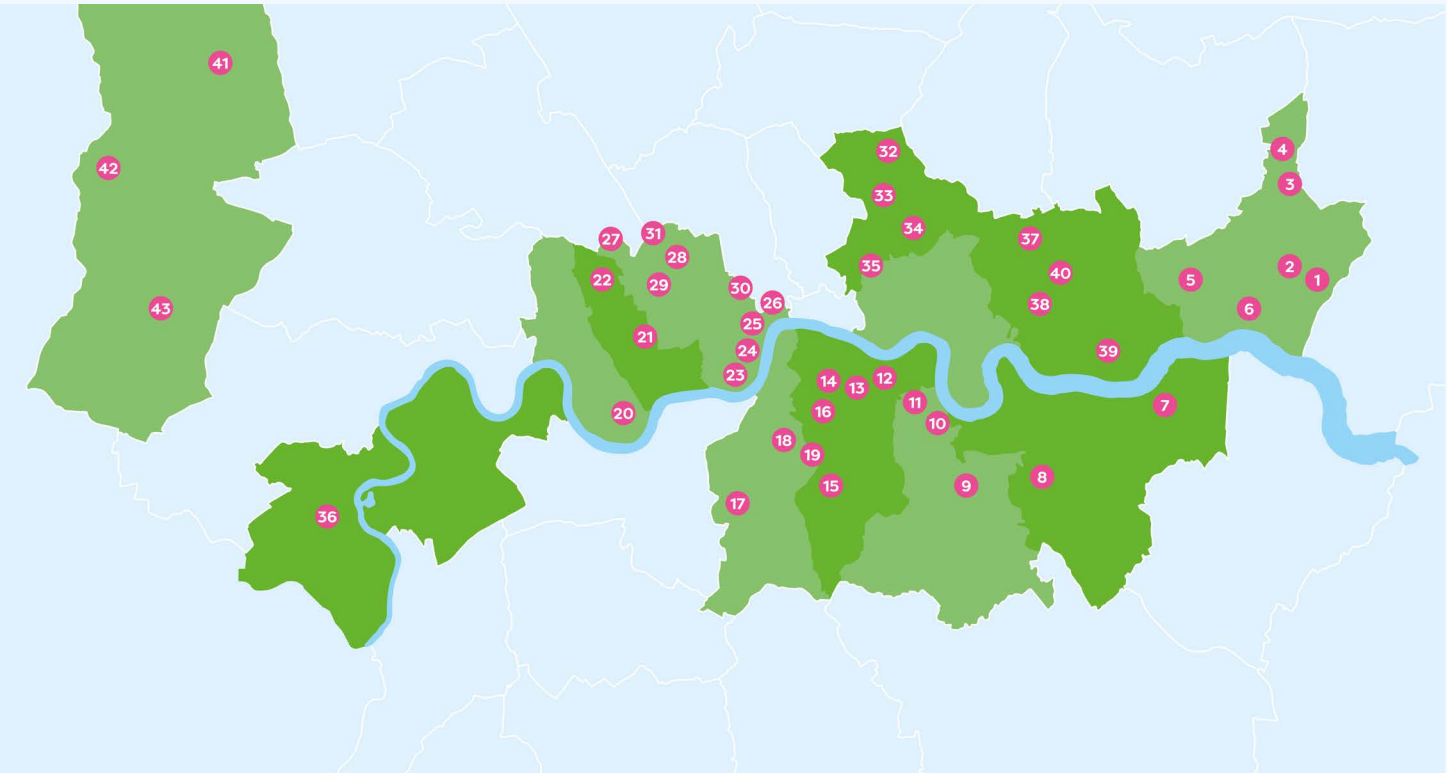
Dr June O'Sullivan OBE, Chief Executive



Michael Gartska, Chair

Who we are, what we do, our social purpose and social enterprise model

The London Early Years Foundation (LEYF) is the UK's largest charitable childcare social enterprise, with the ambition to 'change the world, one child at a time'. We currently have 43 nurseries across 13 London boroughs.



The Early Childhood Education and Care sector plays a critical role in reducing inequality, supporting families and enabling children to flourish. Yet access to high quality provision remains uneven, with children from disadvantaged backgrounds, those with Special Educational Needs and Disabilities (SEND), and families facing social and economic challenges often facing the greatest barriers to opportunity.

LEYF exists to address that challenge.
Our purpose is simple yet ambitious: to change the world, one child at a time, by ensuring every child, regardless of background or circumstances, has access to exceptional Early Childhood Education and Care.

Today, LEYF is one of the largest social enterprise nursery groups in the UK, operating 43 nurseries across London and supporting more than 4,000 children and their families. Around 75% of our nurseries are in areas of deprivation and disadvantage, reflecting our long-standing commitment to serving communities where high-quality provision can have the greatest impact.

Our history goes back more than 120 years. Founded in 1903 by a group of medical philanthropists concerned about the shocking mortality rates among mothers and babies in Westminster, the organisation has continually adapted to meet the changing needs of children, families and communities. In 2008, we became a social enterprise, creating a model that combines commercial acumen and business discipline with social purpose.

Who we are, what we do, our social purpose and social enterprise model

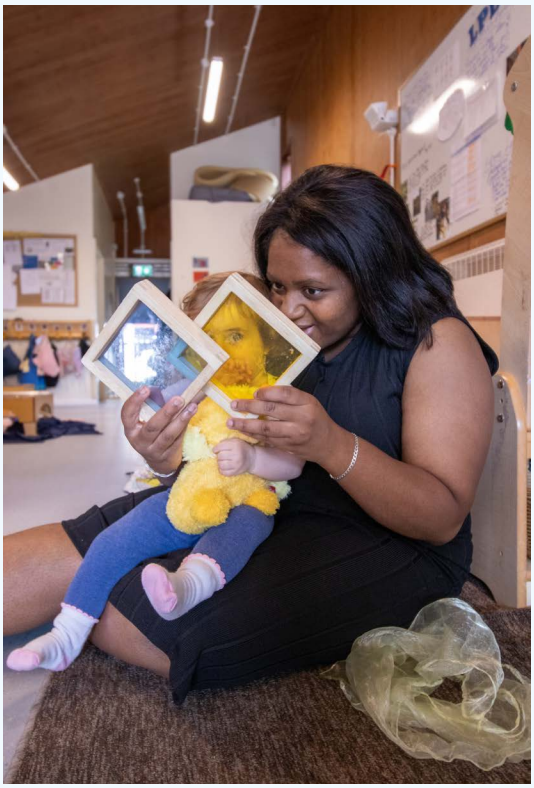


As a social enterprise, we reinvest our surpluses to improve quality, support disadvantaged communities, develop our workforce and extend our social impact. Our cross-subsidy model enables us to sustain nurseries in communities where provision might otherwise be difficult to maintain, ensuring social value remains at the heart of every business decision.

LEYF is distinctive for the way we combine social enterprise, pedagogy, research and advocacy to improve outcomes for children. We believe that excellent early education can be a powerful force for social justice. Our work is underpinned by a social justice pedagogy that seeks to ensure every child thrives, with particular attention to those most at risk of being left behind.

Alongside this, we have developed sector-leading approaches to inclusion, SEND, sustainability, and community engagement. Through the London Institute of Early Years, we bring together leadership, research, advocacy, and the scaling and replication of the LEYF model to strengthen our own practice and that across the wider sector, amplifying our impact nationally and internationally.

Our strategic ambition is to demonstrate that it is possible to combine financial sustainability with social purpose, delivering high quality early education while creating measurable social value for children, families, communities and society.



None of this would be possible without our people.
Our employees are our greatest asset. They bring expertise, commitment, creativity and compassion to their work every day. We are committed to fostering an inclusive, supportive and ambitious culture in which employees can learn, develop and build rewarding careers.

This commitment is evident in our workforce. In our most recent employee engagement survey, 85% of respondents reported that LEYF reflects the diversity of the communities we serve. 7% of our workforce is male, significantly above the sector average of around 2%. Employee retention remains strong, with an average length of service of five years, reflecting the positive workplace cultures across our teams.

We continue to invest heavily in professional development, offering pathways from apprenticeships to degrees, alongside leadership programmes, specialist qualifications, practice-based research and continuing professional development. Whether through our Early Years Chef Academy, Champion programmes, leadership pathways or action research projects, we aim to develop confident, reflective professionals who can improve outcomes, not only within LEYF, but also across the wider sector.

The sections that follow demonstrate how this combination of social purpose, high quality pedagogy, workforce development, research and partnership working, enables LEYF to create lasting impact for children, families and communities.

Our social purpose

4,443 children supported

1,497 funded-only places

2,367 part funded

1,903 private

149 apprentices

43 nurseries

1,038 employees

100% of nurseries rated Outstanding and Good by Ofsted (or equivalent)

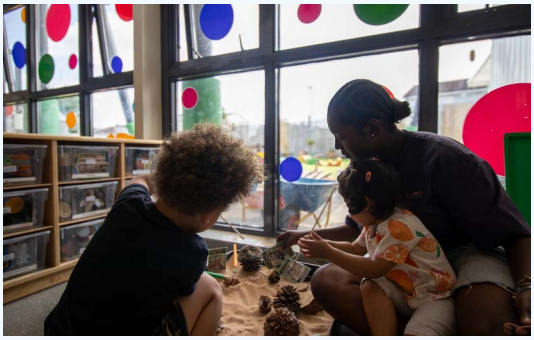
64 Parent NPS score

630 Working Parent Entitlement

Strategic ambition

At LEYF, we are building a future that is both financially sustainable and socially purposeful. Our strategy focuses on growing in ways that strengthen our impact, deepen our social mission and reinforce LEYF as the nursery brand of choice for families, employees and partners who share our values.







Our place-based growth strategy focuses on expanding capacity in existing nurseries and developing new provision in communities with insufficient access to high quality early education, particularly in areas of disadvantage.

At the same time, we are investing heavily in our workforce, because our people are our greatest asset. Through workforce planning, leadership development, apprenticeships, and a reward strategy aligned to our charitable purpose, we are working to ensure LEYF remains a place where talented people can build meaningful careers with purpose and pride.

We are also strengthening our understanding and measurement of social impact so we can better evidence the difference high quality Early Years education makes to children, families and communities. This includes maintaining a balanced and inclusive place mix across London while continuing to influence wider sector policy and practice.

Alongside this, we are modernising our digital and operational infrastructure to improve data, efficiency, and the user experience for employees and families. We are also continuing our commitment to sustainability and our ambition to achieve net-zero by 2035.

Taken together, these actions are about building a resilient, values-led organisation that remains ambitious for children, courageous in its social mission, and deeply committed to creating a fairer society through early education.

Supporting all children



LEYF welcomes all children, including those with Special Educational Needs and Disabilities (SEND), who are too often unable to access suitable provision elsewhere. Supporting children with additional needs is not an optional extra at LEYF; it is central to our social justice mission and our commitment to ensuring every child can thrive.

The number of children requiring additional support in our nurseries continues to rise, reflecting both greater identification of need and the growing complexity of children's developmental, communication and social-emotional challenges. We remain committed to ensuring that children can access timely, relevant and effective support, enabling them to participate fully in nursery life and to achieve their potential.

453
SEND children in the year

Alongside our direct practice, LEYF continues to contribute to national discussions on SEND policy and provision. Throughout the year, we actively contributed to the development of the forthcoming SEND reforms by participating in the Early Years Expert Advisory Group and maintaining ongoing engagement with the Department for Education. This work enables us to bring frontline experience to policy discussions while ensuring our practice remains informed by emerging developments.

Our SENDCo Induction Pack supports newly trained Special Educational Needs Coordinators (SENDCos) in developing the knowledge, confidence and competence required for their role. The induction programme clarifies SENDCo responsibilities and emphasises their role in monitoring the effectiveness of provision, coordinating support for children with identified needs, and advising colleagues on inclusive practice and early intervention strategies.

The LEYF SEND Toolkit continues to underpin our Ordinarily Available Provision (OAP). OAP comprises high quality teaching approaches, adaptations and support strategies that should be available to all children, regardless of diagnosis or formal identification of need. At LEYF, this provision is informed by our social justice pedagogy, the LEYF Pedagogy Development Scales (LPDS) and our SEND Toolkit, helping to ensure consistency and equity across our nurseries.

Supporting all children







Professional development remains a priority. We continue to offer all SENDCos the opportunity to complete the NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Childhood Education and Care Settings. Currently, 31 SENDCos (72%) hold the qualification, with a further five in training and the remaining seven due to join upcoming cohorts.
To strengthen professional networks and shared learning, we run termly SENDCo Forums where colleagues exchange ideas, share best practice, and receive updates on local and national developments. These are complemented by termly SEND Consultation Forums, which use a collaborative problem-solving approach to explore challenges and identify solutions.

Demand for SEND-related training has remained high throughout the year, as teachers seek greater confidence in supporting children across the SEND continuum and those experiencing developmental delays. In 2025/26, SEND strategies, inclusive practice and SEND processes featured in 12 nursery training days and twilight sessions.

We have also continued our partnership with Learning Disability Network London (LDN London), delivering six parent workshops in 2025 and early 2026. These sessions provided practical guidance, information and support, and created valuable opportunities for parents to connect with others who have had similar experiences.

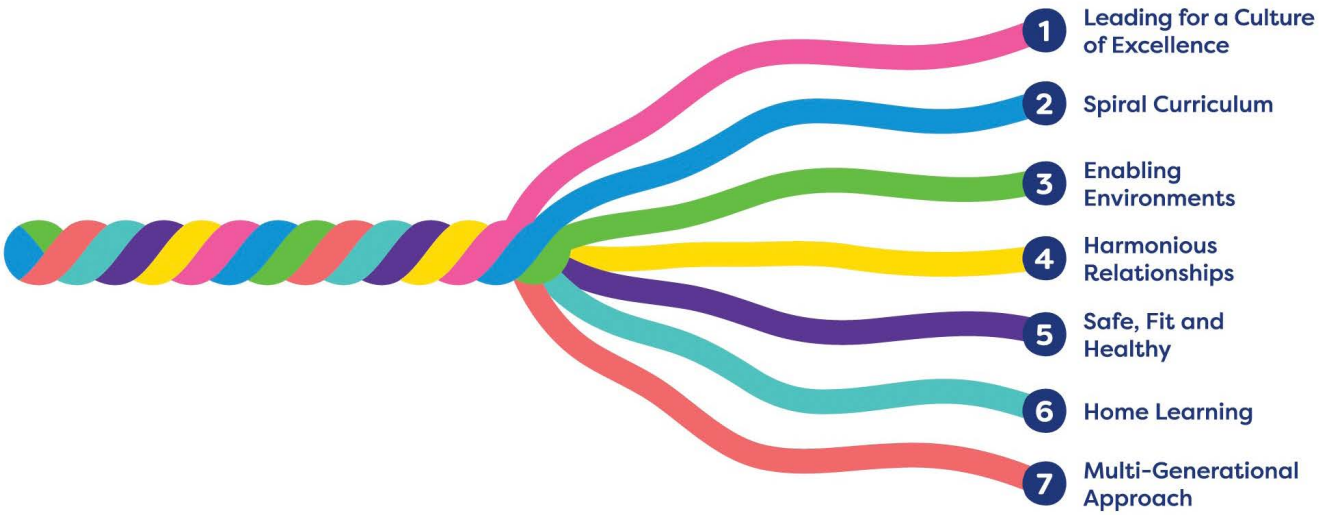
One of the most significant developments this year has been the BRIDGE Project, funded by the Westminster Foundation and delivered by the London Institute of Early Years. Operating across four Westminster nurseries, the two-year project provided 30 hours of high quality early education, nutritious meals and enhanced staffing support for children with SEND and complex family circumstances. The evaluation demonstrated significant improvements in children's communication, confidence and wellbeing, alongside stronger family relationships and greater parental confidence. It also highlighted the importance of additional staffing in enabling more intentional teaching, earlier intervention and deeper family engagement.

The BRIDGE findings provide compelling evidence that needs-led, relational approaches can transform outcomes for children and families. They also reinforce LEYF's long-standing belief that funding should be driven by children's needs rather than by parental employment status. As demand for SEND support continues to grow, this remains one of the most pressing policy challenges facing the Early Years sector.

LEYF's social justice pedagogy

Social justice pedagogy is our teaching and learning approach, reflecting our commitment to social justice. It underpins everything we do and drives the continuous cycle of improvement that shapes our practice. It is informed by a wide range of research on young children's learning and is thoughtfully designed to narrow the achievement gap by equipping all children with the skills, knowledge and confidence they need to flourish, regardless of their background.

Our pedagogy comprises seven distinct yet interconnected strands that, together, create rich experiences for our children and support their continuous learning and development. These are:



As an organisation, we are committed to continual improvement, and we track progress through our unique reflective tool – the LEYF Pedagogical Development Scales (LPDS). Each nursery conducts an audit of its provision using the LPDS. These are then moderated and evaluated across the organisation to identify themes and patterns and to shape our annual training and development plan. This enables us to maintain a cycle of improvement, further supported by action research projects.

Since the LPDS was introduced in 2018, we have tracked our nurseries' LPDS scores, which have improved consistently, reflecting our commitment to providing every child attending a LEYF nursery with a high-quality Early Years experience. To investigate this steady progress, we completed a comprehensive review of our documentation and moderation processes this year to ensure our nurseries are supported in setting ambitious targets for articulating and implementing the social justice pedagogy. This review has enabled us to establish a refreshed data baseline, providing a clear foundation for future development and highlighting both nursery strengths and areas for targeted improvement.

Influencing change beyond LEYF



At LEYF, we believe that delivering excellent Early Childhood Education and Care in our nurseries is only part of our role. As a social enterprise committed to social justice, we also seek to influence the wider systems, policies and practices that shape children's lives.

Throughout 2025–26, we continued to advocate strongly for children, families and the Early Years sector through research, partnerships, public speaking, media engagement and sector collaboration. Working alongside universities, charities, policymakers, social enterprise leaders and cultural organisations, we amplified LEYF's social justice pedagogy and championed high quality Early Childhood Education and Care as a public good.

During the year, we strengthened strategic partnerships across research, sustainability, literacy, leadership development and workforce innovation. This included the continued growth of the Early Years Social Enterprise Collective, collaborative work with BookTrust, partnerships with universities and with theatre and arts organisations, and participation in national and international communities of practice. Through podcasts, conferences, publications, advisory work and public debate, we contributed to discussions on child poverty, language development, sustainability, workforce quality, SEND, social enterprise and the future of Early Years education.



Our campaigning and advocacy work focused on the issues that matter most to children and families. These included tackling child poverty, transforming the Early Years food offer, supporting sustainability-informed practice, promoting workforce diversity, and creating opportunities to recognise and reward a broader range of apprentices and Early Years professionals.

A key feature of our advocacy work is the annual Margaret Horn Debate, which continues to highlight the contested and often political nature of Early Years education. Over the years, the debate has addressed issues ranging from social justice and child poverty to pedagogy, health and workforce diversity.



This year's debate posed the provocative question: Is modern parenting fit for purpose? Chaired by journalist Anna Tyzack, the panel brought together academic, professional and real perspectives to examine how parenting has evolved from a largely private act of child-rearing into a highly visible, increasingly commercialised space shaped by influencers, products and competing advice. The discussion highlighted the wider social, economic and cultural pressures facing families today, including inequality, safety concerns and the growing influence of technology and marketing. Above all, it reaffirmed the importance of strong parent-child relationships and the critical role that nurseries, communities and wider support systems play in helping parents feel confident, informed and valued.

Through this work, LEYF continues to use its voice, evidence and partnerships to advocate for a more equitable, sustainable and inclusive Early Years system, ensuring that the experiences of children, families and communities, particularly those facing disadvantage, are reflected in policy and practice.

Sustainability at LEYF

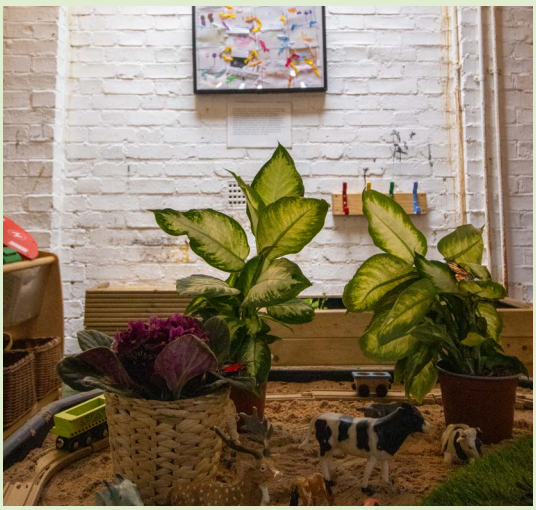
Green LEYF
Our commitment to long-term sustainability

LEYF remains committed to long-term organisational resilience through a balanced, integrated approach to economic, social, and environmental sustainability. This commitment enables us to deliver high quality Early Years Education and Care while creating a meaningful, lasting impact for children, families, and communities. We continue to strengthen our financial sustainability alongside our environmental responsibility, ensuring that our growth and stability align with our social purpose.

In 2025, LEYF was honoured to receive the King's Award for Enterprise in Sustainable Development. This prestigious recognition reflects the dedication and collective efforts of employees across our 43 nurseries. It affirms our position as a sector leader in sustainability, social justice and educational excellence, and highlights the impact of our work in shaping a more sustainable future for Early Years education.

LEYF's approach to sustainability is embedded across all areas of our work, ensuring that environmental responsibility, social impact and educational quality are delivered together. Through continued investment, innovation and collaboration, we are strengthening our nurseries, supporting our communities and contributing to a more sustainable future for the next generation.







Sustainability at LEYF

Project 1
Sustainable nursery environments

We continue to embed sustainability across the everyday environments of our nurseries. Biophilic design is central to this approach, with over 600 indoor plants integrated across our settings. These plants improve air quality, support wellbeing by reducing stress and illness, and enhance learning by bringing nature into children's daily environments.

Our focus on biodiversity is further reflected in the installation of bug hotels in 23 nurseries. These provide essential habitats for a range of species, including beetles, ladybirds, lacewings and solitary bees, helping to strengthen local ecosystems and support children's understanding of the interconnectedness of living things.

Project 2
Environmental performance

Our environmental work continues to focus on reducing our impact while enhancing the quality of children's learning environments. We have made significant progress in improving outdoor environments across our nurseries, completing 11 garden refurbishments that enhance learning opportunities, increase biodiversity and support local ecosystems.

This has been complemented by the introduction of nature-rich features, including the opening of our first LEYF Eco-Pond at Eastbury Nursery in Barking, with two further ponds in development. Alongside these improvements, 15 nurseries took part in the Big Plastic Count, contributing to wider community efforts to reduce plastic waste.

Children's engagement with nature remains central to our approach. Across the organisation, nurseries have participated in conservation-focused activities, including butterfly-rearing programmes and ethical egg-hatching initiatives that support rare and endangered poultry breeds. These experiences foster environmental awareness from an early age and encourage a sense of responsibility for the natural world.

Project 3
Resource efficiency and waste reduction

Reducing waste and promoting resource efficiency remain key priorities. Across our nurseries, 44 wormeries are now in operation, each capable of processing 2–3 kilograms of food waste per week. Collectively, they divert more than 6,600 kilograms of food waste annually. This is supported by over 40 tumble composters, which transform organic waste into high-quality compost for use in nursery gardens.

Water conservation is also embedded in daily practice, with 45 rainwater tanks installed across our settings. Each tank collects approximately 230 litres of rainwater, which is used to water plants and support water-based play, thereby reducing reliance on mains water.

We continue to promote circular economy principles through initiatives such as scrap-store partnerships, which enable nurseries to access reclaimed materials, including wood offcuts, fabrics, and other resources for creative learning. In addition, our participation in the Sproot Loop clothing scheme enables families to return used clothing for reuse, recycling, or repurposing. To date, 9,345 items of clothing have been diverted from landfill through this initiative.

HOPE is all you need

greenbottoms

Sustainability at LEYF

Project 4
Global climate action

Our commitment to sustainability extends beyond our local communities through our mangrove restoration projects in Kenya and Madagascar. These initiatives continue to deliver measurable environmental and social impact, including planting 3,150 trees, offsetting 1,935 tonnes of carbon dioxide, and creating more than 390 hours of employment. Through our partnership with Evertreen, these projects can be tracked in real time, offering a transparent and meaningful way to connect children with global climate action and the importance of protecting natural ecosystems.

Environmental performance:
Streamlined energy and carbon reporting

During 2025/26, LEYF measured a **market-based carbon footprint of 793.8 tCO_2e,** equivalent to **1.6 tCO_2e per full-time equivalent employee**. The measured footprint covered 32 UK nurseries. A further 11 sites were excluded from the organisational boundary because the relevant utility data sits with landlords under existing service-level arrangements, meaning LEYF does not directly hold the information required for carbon reporting. This is therefore primarily a data-access and reporting-boundary issue rather than an indication that these sites fall outside LEYF's environmental responsibilities.

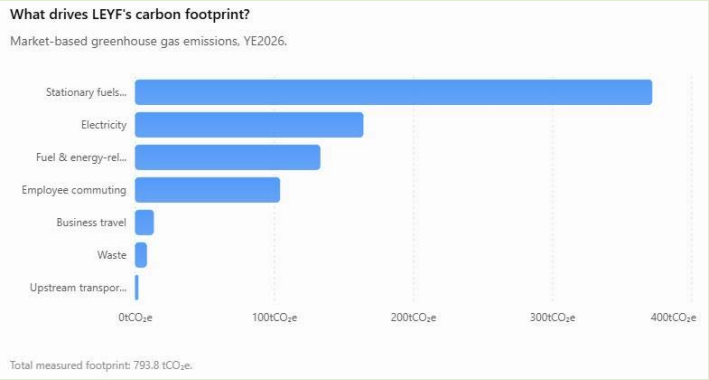
Year-on-year comparisons require some care because LEYF expanded its measurement boundary and improved the quality of several datasets during the year. On a like-for-like, normalised basis, total market-based emissions increased by **18.7%** compared with the 2024/25 baseline. At the same time, emissions intensity remained broadly stable per employee and **fell by 5.0% per £1 million of turnover,** indicating that emissions have not increased at the same rate as organisational activity.

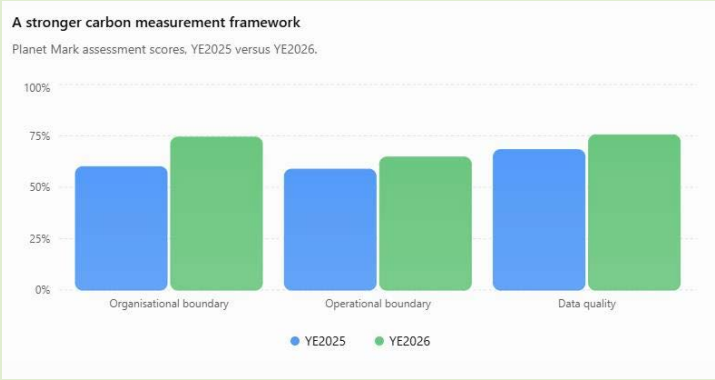
The largest source of emissions remains **stationary fuels, principally natural gas**, accounting for **46.8% of the total footprint.** Normalised emissions from natural gas increased by **44.3%,** making building heat and gas consumption the most significant area for future operational carbon reduction. In contrast, **market-based electricity emissions fell by 24.6%,** from 217.0 to 163.6 tCO_2e, providing a strong positive countertrend.

Scope 3 emissions represented **32.6% of the footprint.** Employee commuting accounted for 13.1% of total emissions and increased substantially compared with the previous year. However, 2025/26 was the first year in which LEYF used an employee commuting survey rather than relying entirely on national estimates, so a significant part of the apparent increase reflects improved measurement rather than necessarily an equivalent increase in travel.

Business travel remained a relatively small part of the overall footprint at **1.6%,** although emissions increased to 12.9 tCO_2e, driven principally by air travel. Waste accounted for approximately **1.0%** of the footprint and remained comparatively stable in emissions terms despite a substantial increase in reported waste tonnage.

The year also marked continued progress in the quality and breadth of LEYF's carbon reporting. **The Data Quality Score rose from 68.3% to 75.5%**, the **Organisational Boundary Score from 60.0% to 74.4%**, and the **Operational Boundary Score from 58.8% to 64.7%.**





Art and culture

Creative arts, music and drama are essential entitlements for every child and are deliberately expressed through our social justice pedagogy. They are not enrichment activities but essential ways for children to communicate, build relationships, develop their identity and make sense of the world.

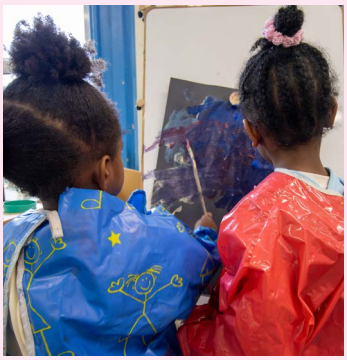
Access to rich cultural and creative experiences is unequal. Without intentional action, creative confidence and cultural participation can perpetuate existing inequalities. We address this by valuing the songs, stories, movement, play and artistic languages that children bring from home, while also providing sustained engagement with artists, cultural institutions and high-quality creative experiences.

This inclusive model offers multiple ways for children to participate and succeed, particularly for those with SEND, those learning English as an additional language, and those facing disadvantage. It is supported by long-term partnerships, teacher development, practice-based research, and the use of Soho Nursery as a creative laboratory. Expressive arts and music are an area of the Spiral Curriculum and are anchored in everyday practice rather than delivered as a one-off experience or specific project.





Art and culture



Discover Children's Story Centre with the University of East London is a large-scale literacy and storytelling initiative across LEYF East, combining direct work with children with research, CPD and cultural visits to strengthen teaching practice and achieve long-term impact. Spanning almost half of LEYF's nurseries and involving more than 350 children, the project is helping to lay the foundations for children's theatre, storytelling and dramatic play as powerful tools for language, imagination and participation.

Importantly, the work extends beyond isolated sessions or short-term interventions. By supporting both children and LEYF teachers, the project is strengthening pedagogy across settings, ensuring that learning continues long after the sessions have ended. Early signs already show growing confidence in storytelling, richer language development, increased imaginative play and deeper engagement with books, performance and creative expression.

Royal College of Music & Creative Futures (Music Champions): Music is a core tool for children's learning and joy! Since 2018, Royal College of Music & Creative Futures have worked with LEYF to provide high-value training and development for LEYF teachers. This longstanding project enables LEYF teachers to become Music Champions and cascade their learning to others, especially LEYF Apprentices. This training, delivered with professional musicians, builds teachers' confidence to embed music in everyday practice across various LEYF nurseries, benefiting over 98 children this year.

National Portrait Gallery: Last year, we co-designed Early Years workshops, family learning and exhibitions. This partnership contributed to the galleries' Early Years offers and demonstrated the value of collaborating with professional artists and an internationally renowned institution, while deepening LEYF's approach to culture and the arts. This year, 25 children have learnt to develop their artistic eye and, in turn, create portraits of themselves and others.

British Museum: Over the past year, we organised Early Years workshops with the museum for 20 children. Together, we explored how to shape meaningful cultural experiences and support family engagement with cultural institutions and the wider London community.

London Institute of Early Years

Over more than a century, and particularly since becoming a social enterprise in 2008, LEYF has developed a distinctive model that integrates social enterprise, high-quality pedagogy, workforce development, research and community engagement to deliver measurable social impact. We believe this model offers valuable lessons for a sector grappling with rising inequality, workforce challenges, financial pressures and growing demand for inclusive, high quality Early Childhood Education and Care.

The London Institute of Early Years (LIEY) was established to capture, strengthen and share that learning. Its purpose is not simply to support LEYF, but to help build the leadership, evidence and organisational capacity required to create a more equitable, sustainable and socially just Early Years system.

As the first dedicated institute for Early Years leadership and organisational development, rooted in a social enterprise model, LIEY represents an important strategic investment in the sector's future. It has been designed to support the replication and adaptation of effective practice through leadership development, practice-based research, professional learning and organisational support.

During the year, we began developing a suite of leadership pathways, including the LEYF Social Leadership Programme for emerging leaders. The programme aims to develop confident, values-driven leaders who understand how to combine educational excellence with social purpose and organisational sustainability. Alongside this, we have expanded research partnerships with universities and practitioners to explore key practice challenges through a praxeological lens, ensuring that knowledge generated through practice can be shared, tested and applied more widely.

A core ambition of LIEY is to move beyond improving individual organisations and to contribute to system-wide change. We know that many of the sector's challenges cannot be solved by individual nurseries working alone. They require collaboration, evidence, leadership and new ways of organising provision that place children, families and communities at the centre.

This ambition is reflected in the development of the Early Years Social Enterprise Collective (EYSE Collective). Convened by LEYF, the Collective brings together mission-led Early Years organisations from across England, Scotland, Wales, Northern Ireland and Ireland. It is a growing movement committed to strengthening socially just, financially sustainable and community-rooted models of Early Childhood Education and Care.

The Collective exists to share evidence, leadership and practice; to support the replication of effective social enterprise models; to mentor emerging organisations; and to influence policy, commissioning and investment decisions. At its heart is a belief that social enterprises offer a powerful alternative in the Early Years landscape, combining commercial discipline with social purpose and reinvesting surpluses into children, families, communities and workforce development rather than into shareholder returns.

Through the London Institute of Early Years and the EYSE Collective, LEYF aims to demonstrate that high-quality, socially purposeful Early Childhood Education and Care can be delivered at scale. Our ambition is to ensure that the learning, evidence and leadership developed over many years at LEYF can benefit not only the children and families we serve directly, but also the wider sector, both nationally and internationally.

Course	Learners who have completed the programme	Learners currently in progress	Total learners FY 2025/2026
LEYF Leadership Programme	0	7	7
Level 4 Award in promoting Sustainability in an Early Years Setting	22	10	12
Level 3 Award in Building Health through Food	5	3	2
Level 3 Award for SENDCOs	13	10	3
L3 Award Improving Food & Health in EY Settings	6	3	3

Learning and professional development

Providing learning opportunities and professional development for LEYF employees remains a central pillar of our commitment to quality, inclusion and workforce sustainability. A broad and robust range of training and qualifications is key to enabling our employees to grow and develop, whether for in-role development or to support opportunities for progression and promotion. We know that opportunities like this are important for our people, and we are proud to provide a competitive and engaging offering, which we recognise is a key driver of retention. Our offering balances statutory and compliance requirements with deep pedagogical development, leadership growth, and specialist pathways, ensuring employees at all levels are supported in delivering high quality Early Childhood Education and Care and functional specialisms.

Throughout the year, our training and qualification provision was characterised by breadth, consistency and progression, with a strong emphasis on consistent practice and alignment with our pedagogical framework. We remain committed to equipping leaders and teachers with the skills, confidence and networks they need to deliver high quality Early Years education, strengthen inclusion, and lead positive change across the sector.

Training ranged from leadership development programmes to short, targeted CPD workshops, alongside regular planned sessions focused on translating the Spiral Curriculum into daily practice and on supporting teachers in developing confidence in their professional judgement. These were often delivered as twilight sessions or inset days to maximise accessibility.

Popular short-courses included:

- Understanding Child Development and Behaviour
- An Introduction to Neuroscience
- Supporting Children to Self-regulate
- Brilliant Baby Environments
- Dialogic Reading and Communication Approaches
- Helicopter Storytelling
- Outdoor Learning and Play
- Action Research and Reflective Practice
- Coaching for Success

A key milestone this year was the registration of the LEYF Leadership Programme with the Institute of Leadership and Management (ILM), reflecting our commitment to developing values-led educational leadership grounded in social enterprise principles. In FY2025/26, seven leaders were actively on programme, building a pipeline of qualified leaders equipped to sustain quality improvement and strengthen culture across settings.

The Level 4 Award in Promoting Sustainability in an Early Years Setting supported 32 learners this year. Beyond qualification achievement, sustainability training continued to create opportunities for teachers and educators to collaborate across the sector, supported by the LEYF sustainability community of practice, enabling knowledge-sharing and practical implementation aligned with the UN SDGs.

We continued to strengthen specialist leadership capability through the Level 3 Award for SENDCOs, supporting 23 learners this year. The programme is continually reviewed by the LEYF SEND Manager to ensure the content remains topical and practical, helping to build confidence in coordinating SEND practice across nursery settings and in working effectively with others to meet the needs of children with SEND.

Statutory and safeguarding training remained a priority throughout the year. Regular delivery of paediatric first aid, safeguarding, and health and safety sessions ensured that teams remained confident, compliant, and prepared.



Learning and professional development

Foundation Degrees and BA top-up pathways continue to support high-quality delivery to children. In addition to the Degree programme, over ten per cent of our employees, as well as external learners, participated in a range of accredited awards, including:

- SENDCo awards
- Sustainability
- Health and nutrition-focused qualifications
- Leadership and management pathways
- Professional qualifications for Early Years leadership

Training data throughout the year shows sustained engagement with these pathways, reflecting both individual ambition and organisational commitment to developing expertise from within. These qualifications played a key role in strengthening leadership capacity and supporting continuous quality improvement. Our ongoing commitment to this also recognises, as in previous years, that workforce development is fundamental to improving outcomes for children and families.

The most frequently delivered internal sessions focused on:

- **Planning and curriculum implementation,** including Planning to Inspire and LPDS in Practice;
- **Enabling environments and provocations,** supporting rich, intentional learning experiences;
- **The LEYF Pedagogy and its core strands,** reinforcing a shared language and approach across nurseries;
- **Inclusion and SEND**, reflecting both sector priorities and internal demand.

Chef Academy training focused on:

- nutrition and food standards in the Early Years
- practical food preparation skills
- supporting healthy eating habits among children

This provision closely aligned with broader organisational priorities in health, wellbeing and sustainability, and ensured that specialist teachers were included in the organisation's professional learning culture. Across this pathway, we supported 17 learners through two complementary programmes, the Level 3 Award in Building Health through Food and the L3 Award Improving Food & Health in Early Years Settings. During the year, we began delivering the Improving Food & Health award to expand access to structured training that enhances day-to-day practice and supports settings in embedding effective health and food education.

Reflections on impact and learning

Training activities over the year highlight several important reflections:

- Demand data highlights clear priorities, particularly in SEND, planning, pedagogy and leadership.
- Sequenced learning and programmes were increasingly preferred to one-off sessions, supporting sustained practice change.
- Operational learning, including managing short-notice requests and cancellations, informed improvements to planning and communication processes.

A strong learning culture was evident, with growing engagement in coaching, action research and reflective practice.

Overall, the training and CPD provision supported teachers in developing professional confidence, deepening knowledge and expertise, and working collaboratively towards shared quality goals. By combining statutory training, short courses, specialist pathways and accredited qualifications, the organisation continued to invest meaningfully in its people, recognising that workforce development is fundamental to improving outcomes for children and families.



Apprenticeship Programme





"I wanted to become an apprentice because I have always enjoyed playing and connecting with children. I always knew that I wanted to work with children so becoming an apprentice was the best route for me. The structure of an apprenticeship works better for me than school because I am learning and experiencing first-hand."

"I wanted to become an apprentice because I didn't have a great support network in school, and I want to change children's attitude towards education and school. I want to help and support children better."

"I love looking at policies and procedures and relating it back to my practice. I also love how everyone brings a sense of kindness and encouragement towards one another, creating a positive environment. I love learning and putting things into practice when in my setting. I feel this allows me to be a role model to others I work alongside."

"I love how supported I feel at nursery and at the Academy. I also love how motivated and inspired I become after sessions with the Apprentice team."

The LEYF Apprentice Academy is a training hub for all apprentices, offering training and enrichment programmes that complement the formal training provided by apprenticeship providers. Many of our apprentices, both internal and external learners, had turbulent school experiences or no prior opportunity to complete a qualification. However, the Academy has supported six cohorts of Early Years Educator Apprentices, totalling 149 on programme. 39 apprentices have moved into permanent or Bank roles, a 6.43% increase from last year.

In addition to Early Years Educator Apprentices, we also had our first Level seven apprentice in Central Office, who completed their qualification. This year, we were ranked 58th in The Sunday Times Top 100 Apprenticeships list, which ranks by the number of apprentices.

The Apprentice team works in collaboration with the LEYF Nursery teams and the wider LEYF support functions in Central Office to ensure apprentices receive high-quality teaching and support through a blended offer of professional and pedagogical discussions, virtual meetings and nursery visits. In addition, each apprentice has an Apprentice Coach assigned to them in their nursery to enable them to consolidate their classroom theory, apply it in practice and anchor it in their practice. Quality teaching is ensured by a consistently refreshed enrichment programme, action research, a focus on emerging thinking and a nursery placement that allows them to put their learning into direct practice. This is highlighted in the marketing recruitment campaign and has driven a consistent 56% growth in applications.

This year, we introduced the first dedicated Apprentice Coach training programme to strengthen support for apprentices in nurseries. Feedback from apprentices and coaches was very positive. "I had a meeting with my Apprentice Coach, and I felt she was much more confident in helping me. I really felt I had another layer of support."

We fund our Apprenticeship Programmes through our own levy pot and generous levy transfers from JPMorgan Chase. As we continue to grow, we will explore additional partnerships to ensure we can maintain consistency in apprenticeships at LEYF.

Operations

Balancing Sustainable Growth with Social Impact in a New Funding Environment

The financial year ending March 2026 highlighted the organisation's ability to respond to significant changes in government funding for the Early Years sector. The introduction in September 2025 of the final stage of the increase in funded hours, providing 30 hours of term-time funding for all qualifying parents of children from 9 months old, has significantly affected the age profile of children in the nurseries, with a ten per cent year-on-year increase in the under-3s alongside static occupancy for 2- and 4-year-olds. The change in age profile has also increased staffing requirements, with teacher-to-child ratios of 1 to 3 for babies, 1 to 5 for 2- to 3-year-olds, and 1 to 8 for over-3s. The gradual introduction of the increased funding from April 2024 has also seen government funding increase as a proportion of LEYF's income from 20% in March 2024 to over 50% in January 2026.

Overall occupancy averaged 80% in March 2026, compared with 75% in March 2025. This was pleasing, as capacity had also increased from 2,355 to 2,452, meaning actual occupancy in full-time equivalents (FTE) grew from 1,802 to 1,957 FTE. This growth in occupancy, alongside strong hourly funding rates for younger children, had a positive impact on income and the cash position during the year.

Our Annual Parent Survey was completed in January 2026 and, for the third consecutive year, showed a pleasing improvement, with our Net Promoter Score (NPS) rising to 64 points from 62 the previous year. It is generally recognised that a score over 50 is excellent, and a score of 70 or more is 'world class'. The mean parent score also increased from 8.89 to 8.95, with 69% of our parents rating us 9 or 10, making them 'promoters'. Detailed action plans and accompanying letters are being prepared to share with parents as we continue to strive for further improvements. Common themes in the areas for improvement included communication via the nursery management system and, in some settings, the need for refurbishment investment. These are being considered as we make capital plans for the coming year.

In August 2025, we completed the acquisition of three nurseries from Hillingdon Local Authority, bringing our total to 43 nurseries across 13 local authorities. Once refurbishments of the nurseries and gardens are completed in 2026/27, these settings will provide an additional 250 FTE places, increasing our overall capacity by around ten per cent. This creates a new cluster in western London and a new area for LEYF, reflecting our recent strategy of moving away from a focus on central London boroughs, where lower birth rates and population migration have reduced demand in several localities.

In December 2025, we completed refurbishment of the 62-place Greengate setting in Newham, following its acquisition in January 2025. We will now focus on increasing occupancy at our fourth setting in the Borough as part of our expansion in the East.

Summary financial performance

Despite the challenging economic backdrop for the Early Years sector, with high wage inflation, increased employer National Insurance Contributions and the impact of the Government's expansion of funded hours, LEYF has had another very successful year, delivering a surplus of £1.9m (FY24/25: £0.8m surplus). Although LEYF does not aim to make significant surpluses, following several years of deficits or very small surpluses, it was essential that reserves continue to be increased to ensure LEYF's financial sustainability and to generate sufficient cash to fund ongoing investment in our existing nurseries and further growth.

The surplus of £1.9m was driven by the continued roll-out of the expansion of funded hours, resulting in a year-on-year increase in occupancy of 153 FTEs, combined with additional one-off government funding from local authorities to fund the additional capacity required to meet this extra demand.
As a result of delivering this surplus, the unrestricted reserves have increased to £3.9m (FY24/25: £2.2m) and total reserves to £5.2m (FY24/25: £3.3m), with year end cash at bank rising to £5.4m (FY24/25: £2.7m), despite further investment in new and existing nurseries.

Key financial indicators:

Total income

FY25/26
£43.8m

FY24/25
£37.2m

Operating surplus before adjusting items:

FY25/26
£1.9m

FY24/25
£0.8m

EBITDA*

FY25/26
£3.2m

FY24/25
£2.0m

Capital re-invested in growth

FY25/26
£0.6m

FY24/25
£1.0m

Cash

FY25/26
£4.6m

FY24/25
£2.7m

Gross Debt

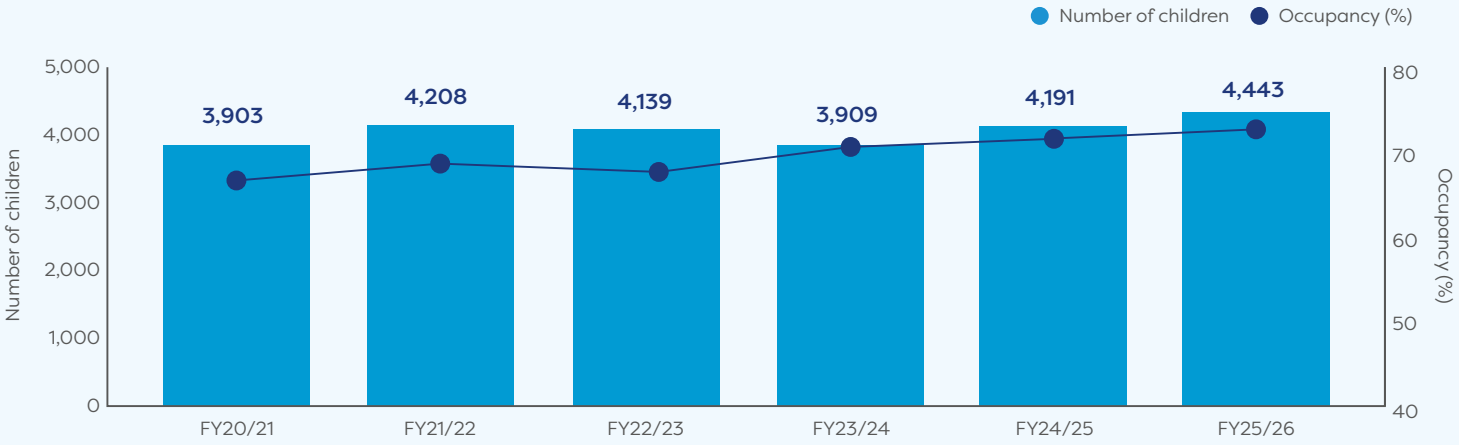
FY25/26
£3.3m

FY24/25
£3.6m

*EBITDA is calculated as a total operating (deficit)/surplus with adjusting items of interest, depreciation and amortisation added back.

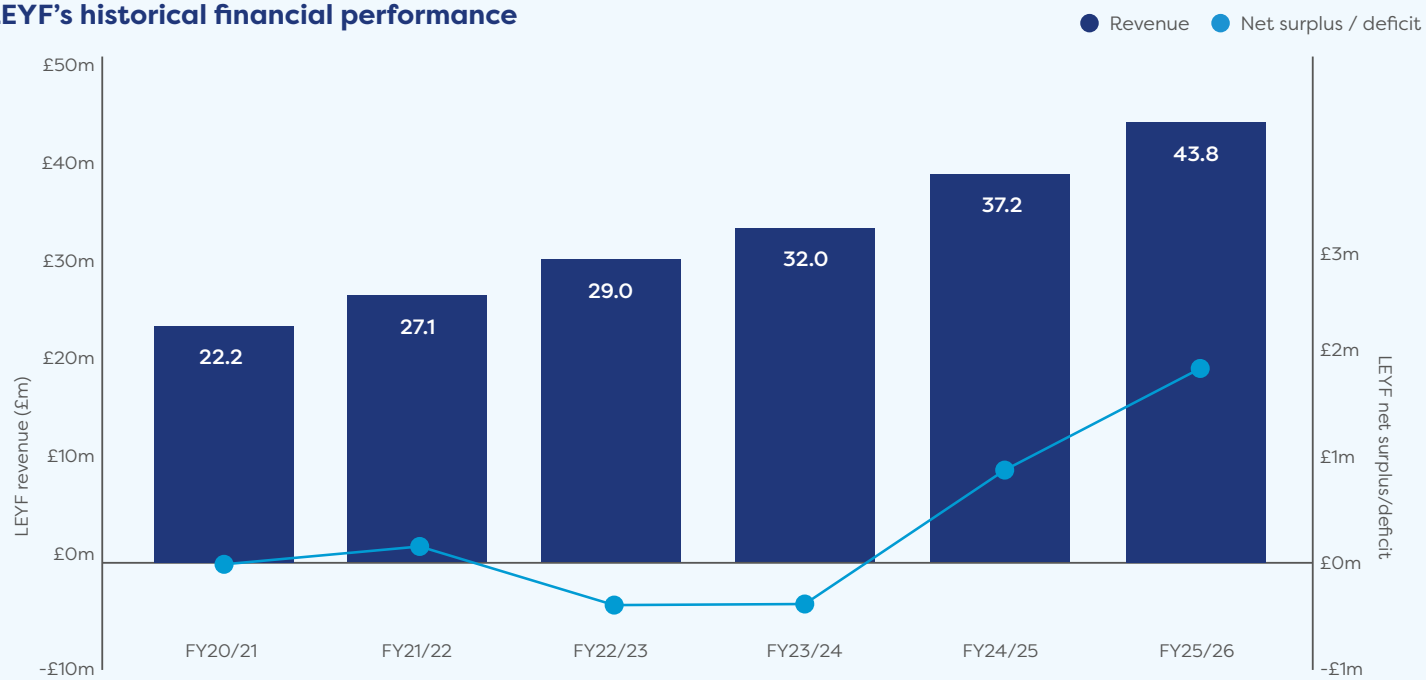
Historical performance

LEYF's historical operational performance



FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Capacity					
2,080	2,204	2,257	2,219	2,392	2,444
Average number of places per nursery					
51	53	57	59	57	59

LEYF's historical financial performance

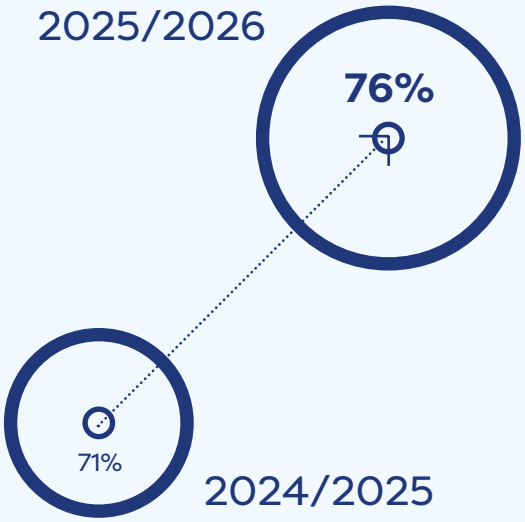


LEYF's historical social impact performance

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Dosage (average hours per week attended)	32	32	33	35	34	34
Duration (average number of months attended by leavers)	19	17	18	20	20	19

Valuing our employees

Proportion of employees on the London Living Wage increased from **71%** to **76%**



Our people are the heartbeat of LEYF. Their care, creativity, passion and commitment make LEYF's environment a wonderful place to work where you thrive. Every person at LEYF is essential to delivering our ambition to change the world, one child at a time.

Attracting and retaining talented, motivated people who do great work is therefore a priority. The Early Years sector remains highly competitive, and we continue to take steps towards our aspiration that all employees earn the London Living Wage (LLW). Whilst we are not quite there yet, the proportion of eligible employees paid at or above the LLW has increased from year on year 71% to 76%.

We have made deliberate decisions about our pay strategy to reward people for their efforts as best we can, recognising that we are a non-profit organisation, with the majority of our income coming from government funding, and that statutory wage changes occur year on year.

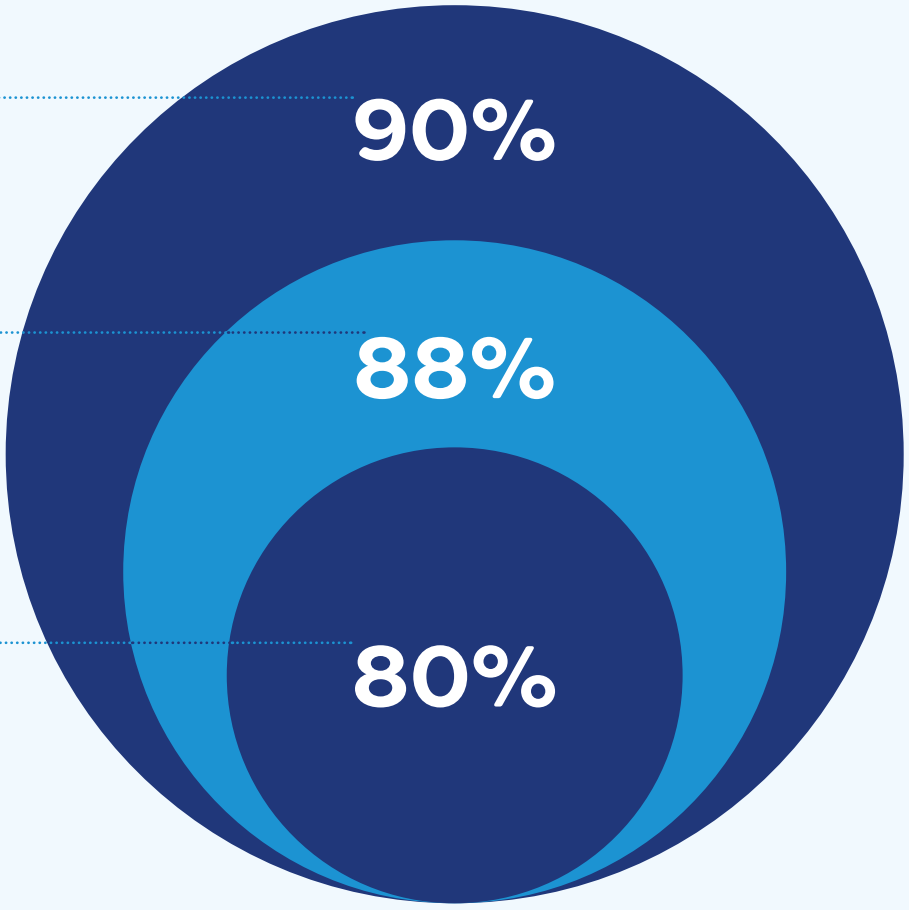
We have also focused on actions to retain our talented employees, including the pre-boarding experience, onboarding surveys, extending our qualification and training pathways, leadership development, and increasing our range of benefits. This has resulted in a continued downward trend in turnover, but we must, and will, continue to put energy and effort into this.

In our recent employee engagement survey:

Were motivated to do their best work

Were proud to work for LEYF

Would recommend us as a great place to work



Valuing our employees (continued)

This reflects the levels of motivation and engagement we see every day among our people, as well as the importance of protecting our culture and environment to ensure people continue to grow and thrive at LEYF so that we are seen as an employer of choice for employees and candidates alike.

We have been among the first employers in the Early Years to partner with an external provider for fertility and menopause support, and we have been delighted to see that 91% of users remain actively engaged with the range of services. We recognise that we can't always compete on salary alone, and we continue to review our benefits package to ensure it remains competitive, with two further benefits to be added to our offering.









Equality, diversity and inclusion

78%

Feel that LEYF continues to take action to improve equality, diversity and inclusion.

71%

Feel a sense of belonging at LEYF.

Creating an environment where employees feel they truly belong matters to us, and inclusion is central to how we attract, retain and develop our people. A diverse workforce brings positive experiences for our employees, the children and the communities in which we operate. Children want to engage in activities with teachers who are passionate pedagogues and who make interactions fun and enjoyable. In effect, children select the 'best person for the job,' and we aim to replicate that in our work environment.

We strive to create an inclusive environment where everyone's voice and suggestions are valued. All employees have the opportunity to share feedback and suggestions through a range of formal and informal channels, including speaking directly with managers and our Executive Management Team, employee resource groups and forums, research questionnaires, informal connections, and our annual engagement survey, which received over 1,500 verbatim comments this year.

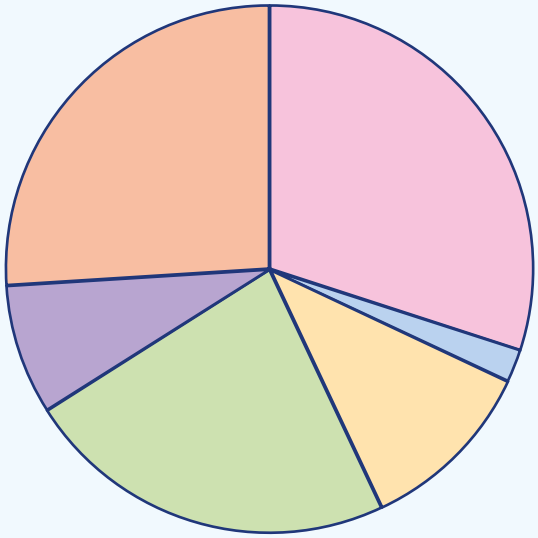
We recognise that children and employees benefit from learning in a culture of harmonious relationships, with role models from diverse backgrounds and experiences. Our apprenticeship and degree programmes have created opportunities for social mobility, and we are steadfastly focused on providing strong pastoral care to help our employees realise their potential.

Gender split across LEYF (FY25/26)

The gender imbalance in the sector remains, with 2% of the Early Years workforce being men (NFER online report, 2025). Despite this, LEYF continues to champion increasing the number of men in Early Years because of the positive benefits this brings to everyone. Our total workforce is currently 7% male and 93% female, and we continue to strive for an even greater gender balance and to shift the narrative about men in Early Years across the sector. Our Men in Early Years Community of Practice continues to focus on ensuring a warm, supportive network while amplifying the importance of allyship. We are also focused on nurturing our culture of warmth, openness and compassion for all, especially at a time when there is heightened media and policy focus on safeguarding.

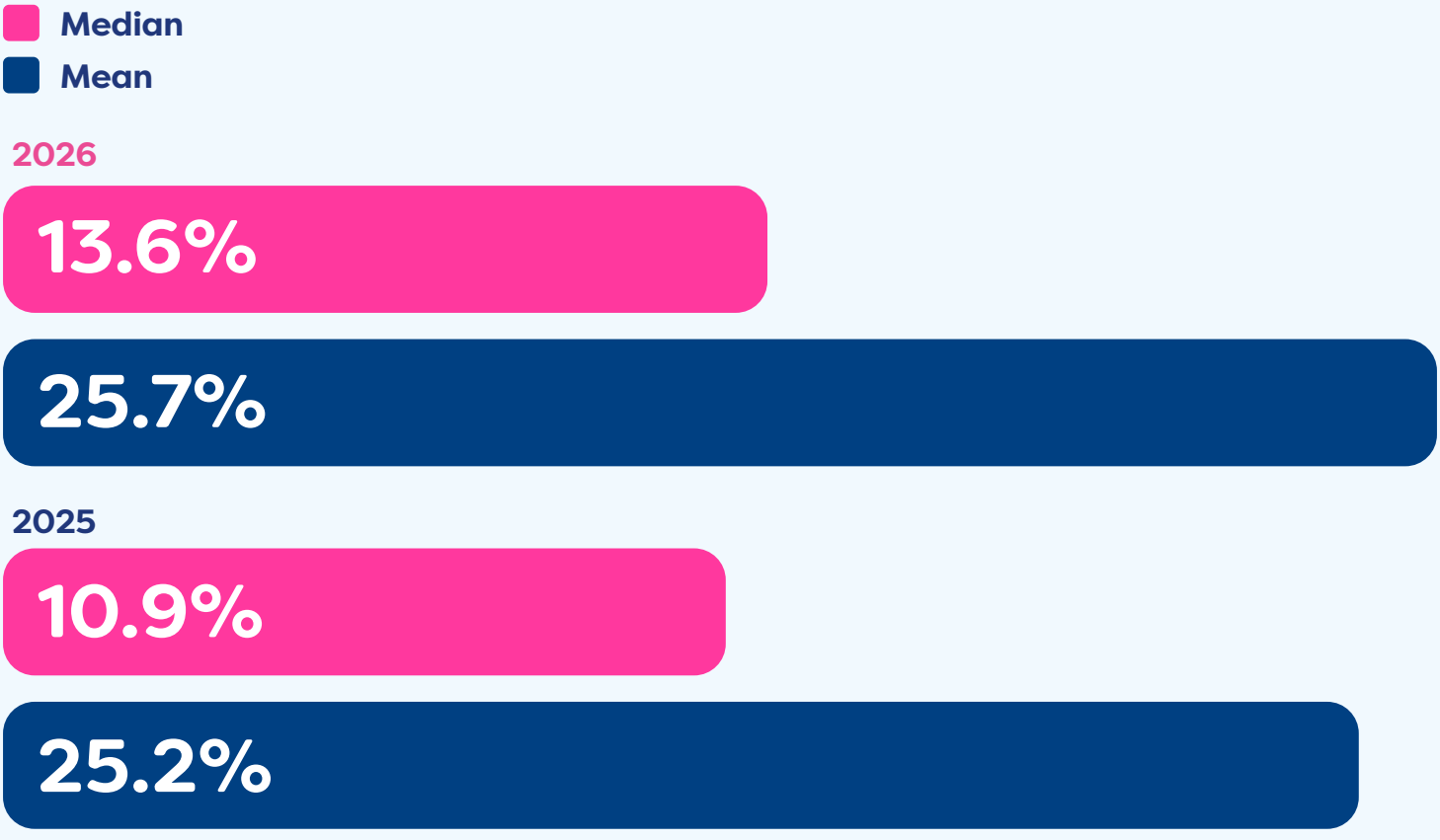


Reported ethnic diversity of staff across LEYF nurseries (FY25/26)



- **White:** 314, **(30%)**
- **Mixed or Multiple ethnic groups:** 19, **(2%)**
- **Asian or Asian British:** 114, **(11%)**
- **Black, African, Caribbean or Black British:** 239, **(23%)**
- **Other ethnic group:** 81, **(8%)**
- **Non-disclosed:** 271, **(26%)**

Gender pay gap



Operations and finance

Maximising space to meet the growing demand for nursery places for London's youngest children

Despite the ongoing challenges of rising costs and uncertainty, LEYF has continued to be a financially sustainable organisation, whilst maximising social impact and expanding its reach even further.

The demographics of London vary widely. As remote working remains popular, many families have chosen to leave central London and relocate further out. As a result, some London boroughs have seen a decline in nursery-aged children, while others have experienced a significant increase. Government policy to expand Early Years funding for working parents, including babies from 9 months, has also increased demand in certain areas.

2026 marks five years since LEYF took over three nurseries in Newham that were at risk of closure. These nurseries are now thriving and expanding to meet demand in the borough. At Cumberland Road, 31 additional places have been created. At Deanery Road, a new 15-place baby room has opened. In the nearby borough of Hackney, London Fields was reconfigured to add space for three additional baby places and 24 pre-school places. Colville Nursery has also reconfigured its space to increase capacity.

To further meet the growing demand for nursery places, in January 2025 LEYF acquired 'Early Years Nursery' in Newham, which has been renamed Greengate Nursery. The distinctive building is popular in the community, and the nursery was a welcome addition to our Newham cluster. Over the past year, the nursery and garden have been transformed, with significant benefits for children in the Newham community. LEYF also addressed the growing demand for baby places in the area by opening an additional baby room for 20 children.

In August 2025, LEYF acquired three former local-authority nurseries in the borough of Hillingdon. In this, our 13th borough, we demonstrated our ambition for managed growth by moving away from areas of population decline in central London. By combining Capital Grant funding from Hillingdon Local Authority with significant investment from LEYF, the three Hillingdon nurseries will be substantially refurbished to increase capacity and ensure the buildings' sustainability.

In Nestles Avenue, LEYF reopened rooms that had been unused for years, adding capacity for 41 children. In South Ruislip, LEYF converted additional rooms to provide capacity for a further 38 children. In Uxbridge, LEYF maximised space within the existing rooms to accommodate a further 21 children.

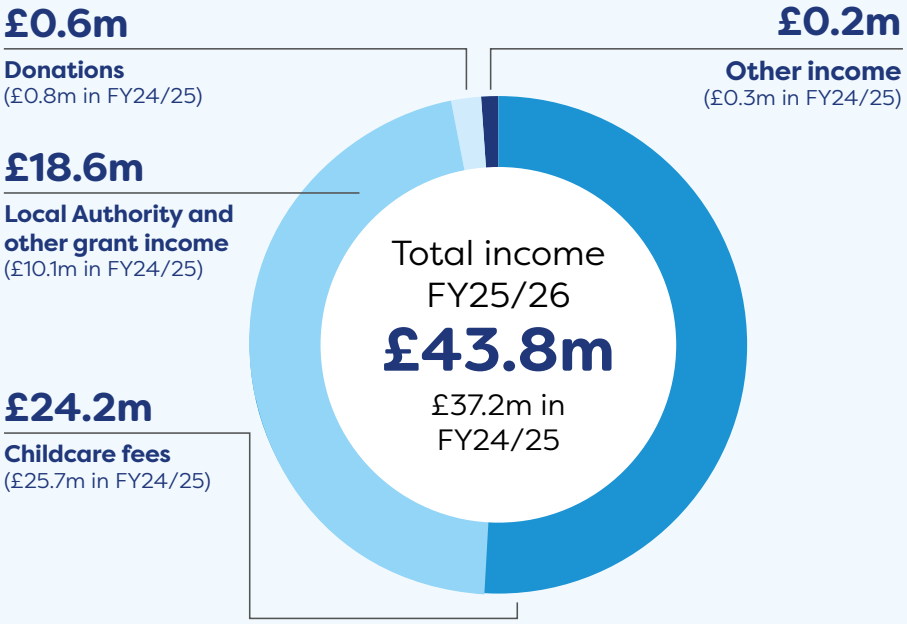
LEYF is defining its design approach in a book, Nursery by Design: Creating Spaces for Learning and Belonging, which explains how we support sustainable growth and maximise space while maintaining pedagogical sensitivity in high-demand areas. LEYF aspires to keep nurseries open in some of London's more deprived areas, where children need quality education and care the most.

Operations and finance

Income

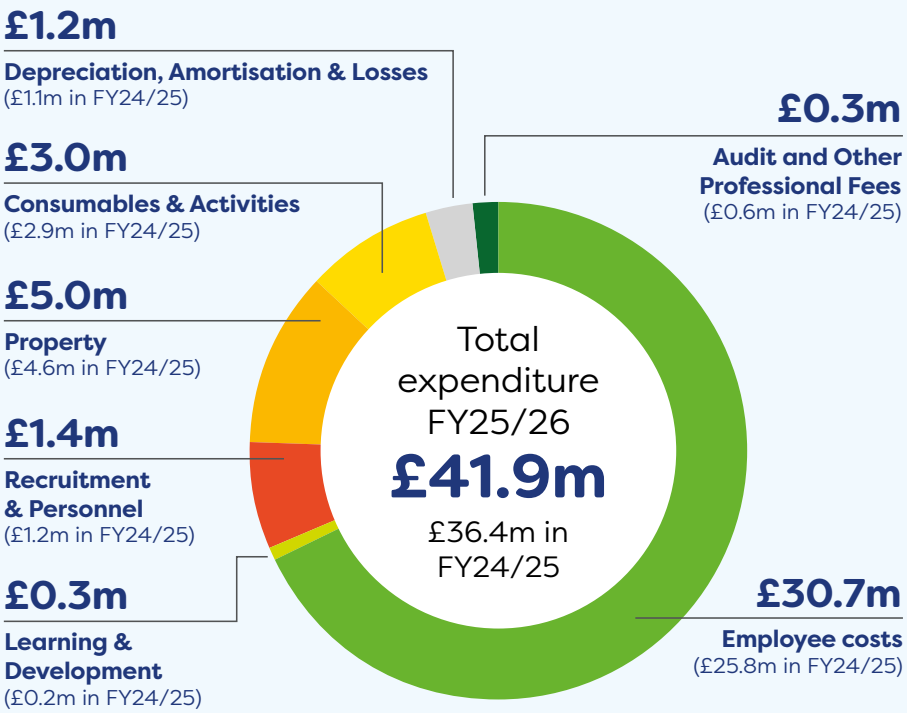
Total income of £43.8m was up £6.6m on the prior year, with parental fees continuing to be the largest source of income. However, as a result of the final phase of the roll-out of the expansion of government-funded hours in September 2025, parental fees now represent 55% of total income, down from 69% in FY24/25. This is forecast to fall further in FY26/27 due to the full-year impact of this increased government funding.

This has resulted in local authority and other grant income increasing by £8.4m (+83%), primarily due to this expansion in funded hours, but also through increased occupancy across the nurseries.



Expenditure

Total expenses of £41.9m were £5.5m higher than the prior year, driven primarily by a year-on-year increase in employee costs of £4.9m. This increase in employee costs was mainly attributable to the 5.3% increase in the London Living Wage and the 6.7% increase in the National Minimum Wage, both effective from 1st April 2025, as well as the increase in the number of LEYF employees, to support the growth in occupancy.



Section 172 Statement

As a charitable organisation, the London Early Years Foundation ("LEYF") is committed to promoting and protecting the wellbeing of the children in our care, their families and our employees. The Trustees are mindful of their duties under Section 172 of the Companies Act 2006 and act in the way they consider, in good faith, most likely to promote the success of the charity in furtherance of its charitable purposes.

This statement provides examples of how the Trustees, together with the Executive Management Team under delegated authority, have had regard to the matters set out in Section 172 when making decisions during the year.

The likely consequences of decisions in the long term
The Trustees recognise the importance of balancing short-term operational requirements with the long-term sustainability and impact of the charity. LEYF's strategy is designed to maximise social impact by extending access to high-quality early years education and supporting more children and families.

The Social Impact Committee oversees the measurement and assessment of LEYF's impact on children, families, communities and employees. Significant decisions are supported by analysis of their short, medium and long-term implications for the charity and its beneficiaries.

Environmental sustainability also forms an important part of long-term planning. LEYF regularly monitors and reports on its environmental impact, including greenhouse gas emissions, and continues to implement initiatives that support its pathway towards achieving net-zero emissions.

The interests of the charity's employees
LEYF's employees are fundamental to the delivery of its charitable objectives and are its most valuable asset. The Trustees are committed to creating an inclusive, supportive and rewarding workplace where employees can thrive and develop.

Attracting, developing and retaining talented people remains a key priority. During the year, LEYF continued to improve employee pay, including increasing the number of employees paid at or above the London Living Wage. Employee engagement is monitored through annual staff surveys, the results of which are reviewed by the Board to understand employee experiences, identify areas for improvement and inform future actions.

Further information can be found in the Valuing Our Employees section.

The Need to Foster the Charity's Relationships with Families, Suppliers and Other Stakeholders
As a social enterprise, LEYF places strong relationships with families, suppliers and wider stakeholders at the centre of its activities.

Parents and families build close relationships with individual nurseries and nursery teams. Feedback is actively sought through annual parent surveys and other engagement activities, enabling LEYF to understand stakeholder needs and continuously improve services. Insights gained through parent engagement, SEND initiatives, community programmes, and arts and culture activities help to inform decision-making and ensure that children remain at the heart of LEYF's work.

Further information can be found in the Balancing Sustainable Growth with Social Impact section.

The impact of the charity's operations on the community and the environment
LEYF's role extends beyond the provision of high-quality early years education. As a social enterprise and charity, LEYF seeks to influence positive change by advocating for children, families and the wider early years sector.

The charity actively engages with policymakers, partners and sector organisations to promote improved outcomes for children and families. Further information can be found in the Influencing Change Beyond LEYF section.

LEYF has also taken a leading role within the sector in promoting environmental sustainability. Progress against environmental objectives is regularly reviewed by the Social Impact Committee and reported to the Board. This includes monitoring environmental performance, implementing initiatives to reduce carbon emissions, and assessing progress towards environmental targets.

Further details can be found in the Sustainability section of this Annual Report.

The desirability of maintaining a reputation for high standards of business conduct
Providing high-quality early years education is fundamental to LEYF's mission and reputation. The Trustees monitor quality and compliance through both internal and external measures.

Educational quality is independently assessed through Ofsted inspections, with inspection outcomes regularly reported to the Board. In addition, the London Institute of Early Years, operated by LEYF, provides learning, training and professional development opportunities that strengthen quality across LEYF nurseries and support the wider early years sector.

Further information can be found in the London Institute of Early Years section of this report.

Statement of accounts

THE LONDON EARLY YEARS FOUNDATION
Charity Reference and Administrative Details for the year ended 31 March 2026

Status
The organisation was founded in 1903 and is now a charitable company limited by guarantee, incorporated on 10th March 1988 and registered as a charity on 31st March 1988.

Governing document
The London Early Years Foundation is governed by its Memorandum and Articles of Association.

Charity objects
The objects of the charity are:
1. to promote the care and upbringing and preserve and protect the health of children, particularly those whose circumstances make it necessary or desirable for them to be cared for outside the normal home environment; and
2. to promote education and vocational training in respect of all matters relating to childcare, the upbringing of children and the protection and

Company number: 02228978
Charity number: 299686

Registered office and operational address:
121 Marsham Street
London
SW1P 4LX

Website: www.leyf.org.uk

Bankers
National Westminster Bank plc
PO Box 2
27-29 Horseferry Road London
SW1P 2AZ

Solicitors
Darwin Gray LLP
9 Cathedral Road
Cardiff
CF11 9HA

Auditors
Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL

Report of trustees including the strategic report

For the year ended 31st March 2026

The Trustees present their report and the audited financial statements of the charity for the year ended 31st March 2026. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and (FRS102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' in preparing the annual report and the financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Board of Trustees

The Trustees currently serving, who are also directors of the company, under company law, are as follows:

Michael Garstka
Chair of the Board

James Hick
Trustee

Anu Vishwas Sarkar
Trustee

Ravi Verma
Trustee

Kirsty Ann Reed
Safeguarding Trustee

Anthony Perkins
Trustee

Soumya Holliday
Trustee

Rena Spencer
Treasurer

Kate Stephens
Trustee

Finance Committee | Remuneration and Nominations Committee | Social Impact Committee

- Mary Wynne Finch has acted as Nursery Ambassador for LEYF since November 2014
- Shirley Paddock has also acted as a Nursery Ambassador for LEYF since January 2024
- Allan Thomas Lambert resigned as Trustee and member of the Finance Committee on 23rd July 2025
- James Hick was apppointed Trustee on 23rd September 2025
- Richard Timmins resigned as Treasurer and member of Finance Committee on 11th December 2025
- Wajeha Qureshi was appointed Trustee on 11th December 2025 and resigned on 12th October 2026
- Lauren Georgia Hart resigned as Trustee and member of the Finance Committee on 27th February 2026
- David Innes Rae resigned as Trustee and member of the Finance Committee on 31st March 2026
- Rena Spencer was appointe Trustee and Treasurer on 12th October 2026
- Kate Stephens was appointed Trustee on 12th October 2026

Executive Management Team

Dr June O'Sullivan OBE
Chief Executive and Company Secretary

Michael Abbott
Director of Operations

Kevin Dyson
Director of Finance

Melanie Wright
Director of People and Culture

Report of trustees including the strategic report

Public benefit statement
In meeting the objectives and formulating future plans, the Trustees have considered the Charity Commission's guidance on public benefit. The Trustees support the principles of good governance set out in the Charity Governance Code for larger charities. The charity continues to promote care and education and protect the health of children.

Conflicts of interest and loyalty
The Trustees understand the Charity Commission requirements and understand the need to avoid and manage potential conflicts of interest and loyalty.

Achievements and performance
The achievements and performance of the charity are detailed on pages 31 to 56 of the Annual Report.

Structure management and governance
The affairs of LEYF are directed by the Trustees, who are also directors of the company limited by guarantee. The full Board of Trustees met 5 times during the financial year, including a full-day strategy away day.

The meetings include a formal agenda agreed in advance between the Chair and Chief Executive. The Board approves the strategy and the annual budget and oversees risk management by a review of LEYF's Risk Map as part of its decision-making, risk and controls function. Committee minutes and reports are brought to the Board for information and discussion. Enough time is made available for Trustees to raise other matters not included in the agenda. The day-to-day running of LEYF is delegated to the Chief Executive and the Executive Management Team. Individual nurseries are run by managers, all of whom have formal childcare qualifications and relevant experience.

In addition to their formal meetings, the Trustees conduct business through the Finance Committee (FinCom), Social Impact Committee (SIC), Remuneration and Nominations (RemNom) Committee and occasional committees set up to oversee specific projects or issues. These committees deal with our social impact, finance, premises, health and safety, and business expansion. The committees include both Trustees and relevant officers of LEYF in their membership.

The FinCom oversees the preparation of the annual budget, which is then recommended to the Board for approval. The work of the committee includes a review of the financial and operating performance of the charity, funding and liquidity management, and approves major capital expenditures as well as expansion and investment in new nurseries. The periodic reviews of delegated financial authorities and major policies of the charity are also brought to this committee for discussion and approval before recommendation to the Board as a whole.

During the financial year, FinCom met 5 times; the SIC and RemNom both met 4 times.

The SIC considers relevant matters arising out of the measurement of social impact across different LEYF nurseries, ensuring the Board of Trustees considers these for future strategic decisions. Additionally, the committee ensures that LEYF and the Board of Trustees meet the safeguarding and Health and Safety statutory requirements.

RemNom advises the Board of Trustees about governance issues including Board effectiveness, Trustee recruitment, executive-level compensation, employee rewards and succession planning. New Trustees are appointed by the full Board of Trustees. There is an open recruitment process, and Trustees are sought based on their knowledge, skills and experience, and how these will benefit the organisation.

The appointment process comprises interviews with the CEO, a member of the Executive Management Team (EMT) and a member of the RemNom. More Trustees may be involved as appropriate. Feedback is co-ordinated and a recommendation is made to the Board. If there is consensus, the potential Trustee is invited to shadow a Board meeting. Appointment is made after that, followed by an induction. The induction process includes meetings with the EMT, shadowing on committee meetings and visits to nurseries.

Trustees are encouraged to take part in LEYF events and attend appropriate training courses.

All Trustees give their time voluntarily and receive no benefits from the charity; any expenses reclaimed from the charity are set out in note 8 of the accounts.

Members of LEYF guarantee to contribute an amount not exceeding £1 to the assets of LEYF in the event of winding up. The total number of such guarantees as of 31st March 2026 was[8 (2025: 10). The Trustees have no beneficial interest in LEYF.

Reserves policy
As part of the prudent governance at LEYF, we focus on both the reserves shown in the balance sheet (the Total Charity Funds) and cash to ensure financial stability in the long term.

In terms of reserves, the key measures are:
- overall total charity funds being in surplus; and
- unrestricted reserves, shown as General Funds in the balance sheet.

The term 'unrestricted reserves' is used to describe that part of LEYF's income funds that are freely available for its operating purposes and not subject to commitments,

Report of trustees including the strategic report

planned expenditure and spending limits. Reserves in this context would not include endowment funds, restricted funds or designated funds.

In FY25/26, the reserves policy was reviewed and approved by the FinCom. The reserves policy was updated to better reflect the measures used and assessed to support our ambition and long-term growth strategy. The policy was applied throughout FY25/26 and continues to be considered appropriate.

The surplus for the year was £1.9m. The total amount of reserves as at the reporting date shows restricted funds of £2.0m and unrestricted general fund reserves as £3.2m. Overall total charity funds are now £5.2m.
The unrestricted funds in the balance sheet include the impact of accumulated amortisation of goodwill and acquisitions and depreciation of capital expenditure related to growth. Given the non-cash nature of these accounting entries, the accumulated amortisation and depreciation on growth are added back to restricted reserves to reflect the business-as-usual funds available.

The Trustees also monitor the cash position closely and we require a reserve that is both unrestricted and able to be spent as cash – our cash reserve. A dynamic target for the cash reserve has been set as one month's operating payroll cost, in accordance with the pre-agreed budget for the year. The Trustees agree that, given the probability and impact of the level of risks evaluated, this amount is sufficient to allow the organisation to recover from any additional cost or lost revenue impacting short-term cash flows.

Applying this policy requires an unrestricted cash reserve of £3.2m. LEYF monitors the level of cash and unrestricted reserves held monthly as part of the management reporting process to ensure reserves are maintained at the agreed level. Like prior years, the cash balance remains more than the balance required by the cash reserve policy on an ongoing basis and the unrestricted funds matched as at year-end the level required as at 31st March 2026.

The policy helps inform the way in which LEYF manages its cash, liquid assets and debt. All our funds continue to be held in cash or cash equivalents. The reserves policy is not a static policy and is reviewed every year or more often if the circumstances of the charity or the environment in which it operates change with time. The amount held in reserves is monitored during the course of the year as part of LEYF's budgetary processes.

Going concern
The Trustees have reviewed the trading, forecast and underlying assumptions and are confident that LEYF is a going concern. The latest forecast that was prepared considers the full year impact of the roll-out of the expansion of government-funded hours and shows our ability to meet our obligations and liabilities.
Furthermore, as part of the review of our longer-term funding strategy, the Trustees continue to consider the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements.

Future forecasts show that LEYF will require funding to support the organisation's growth strategy; this will be monitored closely by the Trustees. The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exists to cover a period of at least 12 months from the date of sign off.

Investment policy
LEYF has a policy of keeping its surplus funds in low-risk investments, generally in bank deposits. It monitors the interest rates on its deposits and the amount it needs to keep available in cash resources. LEYF reviews its investment policy regularly with a view to ensuring that it preserves the capital value and buying power of any reserves that it holds as well as providing a continuing income from its short-term surplus funds.

Remuneration policy
LEYF regularly reviews its company-wide remuneration policy, reflecting the statutory wage rates and maintaining a competitive position in our sector. The salaries of all positions are reviewed against industry norms using robust benchmarking methods. All employees received a minimum salary increase, with some small variations within our nursery roles to avoid wage compression within the payscales.

The Executive Management Team (EMT) receive the same increase as central office employees and approved within the normal budget discussions with the Board. Should any out-of-cycle reviews to remuneration of the EMT (excluding the CEO) be recommended by the CEO, we use a tool reviewed by the RemNom and the approval for any change is reviewed by the RemNom. Should an out-of-cycle review include the remuneration of the CEO, that is recommended by RemNom using the same tool and approved by the Chair of Trustees. There is careful consideration of multiple charity and private sector benchmarks before making decisions.

Related parties and relationships with other organisations
Donations received from the Trustees during the year were nil (2025: nil). During the year, LEYF received Gifts in Kind with an estimated value of £18,699 (2025: £43,240) for volunteering days from Ernst Young graduates and room hire for two events from Bain. Ernst Young is a related party as one of LEYF's Trustees is a partner of the firm but has no involvement in this transaction. Two Trustees of LEYF are employed by Bain & Company and are partners of the firm. All donations

Report of trustees including the strategic report

were without conditions attached.

The total expense incurred for services to related parties during the year was £37,689 (2025: £54,905). This amount includes payments of £34,279 (2025: £51,405) that were made to both the Chief Executive Officer and a key member of staff, which were made under standard employment and supplier terms. In addition, £3,410 (2025: £3,500) was paid for a membership of Social Enterprise (UK), which is a charity connected to the Chief Executive Officer.

Employment practices
LEYF works hard to create a culture of dignity and respect, striving to ensure that our work and learning environments are welcoming, inclusive and respectful. LEYF has a variety of policies such as our Dignity at Work policy, which promotes the expected behaviours and confirms how someone could raise any issues they may have experienced.
Candidates for employment or promotion, both internal and external, are assessed objectively against the skills, experiences and values requirements for the job. We are committed to implementing any reasonable adjustments where to support candidates may request this for reasons such as disability or neurodiversity.

LEYF holds regular Forums and strategy meetings to share, inform and discuss where we receive input and feedback, listen and engage, as well as update on a range of topics including employees' organisational strategy, external matters, the future direction of LEYF, employee engagement and parent survey results, and much more.

LEYF reviews and maintains a suite of employee benefits to encourage employee retention and involvement.

Risk management
The Trustees believe that the charity has appropriate procedures and controls in place to adequately mitigate against risks to which we are exposed.

Systems include:
- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the Trustees;
- regular consideration by the EMT of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- in-depth review of financial performance and risk by the FinCom, including review of growth planning;
- in-depth annual review of the management of safeguarding and other incidents by Trustees at the Social Impact Committee;
- continuing development of a performance measurement framework to ensure we further improve our understanding of our work and its impact; and
- scaled delegated authority levels and segregation of duties.

LEYF's approach to risk management includes the identification of risks on both 'top-down' and 'bottom-up' bases. This involves considering internal and external factors affecting our strategic goals and specific risks attributable to detailed operations. Identified risks are rated according to the likelihood and impact of the risk occurring. We overlay on this a review of the risks to delivery of the business plan for the current and subsequent years.

Mitigating controls are identified and, where further action is required, deadlines and responsibilities assigned. Those activities with higher risk ratings are prioritised. In addition to review by the EMT team and the FinCom, the risk register is reviewed annually by the Board of Trustees, who also receive a mid-year update on key risks.

A key element of our control framework is comprehensive reporting of incidents, accidents and near-misses. This reporting includes any safeguarding, information or governance breaches that occur. These are considered by the appropriate governance committees. They also consider the decisions as to whether any such occurrences should be reported to the relevant regulatory body. LEYF maintains a strong culture of reporting incidents. Each of these risks is overseen by the Board of Trustees or a delegated committee.

In September 2026, a serious incident was reported to the Charity Commission in line with its guidance on reporting. The incident related to a Welfare Requirements Notice and subsequent temporary suspension of registration at one of LEYF's nurseries. Work is ongoing to resolve this situation.

Principal risks and uncertainties
The Trustees continue to review major strategic, business and operational risks (including Health and Safety). The Trustees conduct an annual review of the strategic options for LEYF in the context of the need for its services and the availability of future funding.

The Board of Trustees has in place an assessment of the major risks facing LEYF now and in the future, which is updated regularly. The Trustees receive regular reports that monitor the financial and operational position and exposure to risk. The Trustees are satisfied that systems are in place to monitor and control all areas where there is an identifiable risk with financial, operational or reputational implications. Each of LEYF's objectives is linked to the risk register.

Report of trustees including the strategic report

The most significant risks facing LEYF for the year ahead have been identified as:

- Changes in government legislation of funding that alters the fundamentals of the childcare business, particularly the increasing reliance on income from government funding. This could have far-reaching consequences for the charity depending on the nature of the change.
- The impact of employee shortages across the sector. Employee turnover with unmatched levels of recruitment resulting in increased reliance on Bank employees and agency employees. This could continue to impact occupancy levels, operational costs, quality of delivery and employee morale.
- The impact of inflation on the operational activities of the nurseries. This could directly impact essential running cost of the nurseries, in particular food and utilities.
- The impact of rising interest rates on loans which will result in increased finance cost and indirectly impact on our long-term plans for growth.

These risks can impact revenue stability and growth, and LEYF's ability to deliver a high quality service:

- Revenue stability and growth is managed by ensuring that occupancy, a key driver of profitability, is maximised by targeted marketing, good customer relations, high quality service delivery and a focus on maintaining waiting lists.
- High service quality is managed through training and the recruitment of suitably skilled employees for all nurseries and the Central Office with a strong programme of support to retain employees.

The Trustees further recognised two other major strategic risks for the business:

- Safeguarding the children
- Health and Safety risks.

Both these risks have been subjected to intensive analysis and mitigating plans and the Board of Trustees is comfortable that all efforts are being made to reduce them.

Financial instruments

LEYF's financial instruments are operational cash generation from trading activities and loans from 5 providers: Bonds issued through Triodos Bank UK Limited (The Registrar), CBILS, Trust for London Trustee, the Postcode Innovation Trust, and Esmee Fairbairn Foundation.

The charity also has operating leased assets, debtors and creditors arising from its day-to-day operation to provide working capital to help manage its cash flows.

Liquidity risk

The charity manages its cash, borrowings and working capital in order to provide the social impact of our purpose while ensuring the charity has sufficient liquid resources to meet the needs of the operation. LEYF now has unrestricted reserves of £3.9m (2025: £2.2m).

THE LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2026

The Trustees (who are also directors of LEYF for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- There is no relevant audit information of which the charitable company's auditors are unaware;
- They have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information;
- They are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website;
- The legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Buzzacott Audit LLP was re-appointed as the charitable company's auditors during the year and has expressed its willingness to continue in that capacity.

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report and the Directors Report required by company law (included therein) are approved by the Board of Trustees in their capacity as directors and signed on their behalf by:



Michael Garstka,
Chair of Trustees
28th October 2026

Independent auditor's report to the members of London Early Years Foundation

Opinion
We have audited the financial statements of London Early Years Foundation (the 'charitable company') for the year ended 31 March 2026 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are

Independent auditor's report to the members of London Early Years Foundation

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), the Charities Act 2011 and the Companies Act 2006).
- We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing of expenditure including the authorization thereof; and
- tested journals to identify unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
30th October 2026

The London Early Years Foundation

Statement of Financial Activities (incorporating the income and expenditure account)

For the year ended 31 March 2026

	Note	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Income from:							
Donations	2	385,914	184,635	**570,549**	584,852	210,719	795,571
Charitable activities							
Childcare Income	3	42,036,106	859,327	**42,895,433**	35,588,701	493,019	36,081,720
Training Income	3	90,292	-	**90,292**	87,976	-	87,976
Interest Income		56,351	-	**56,351**	54,791	-	54,791
Other		76,356	113,836	**190,192**	62,777	75,776	138,553
Total income		42,645,019	1,157,798	**43,802,817**	36,379,097	779,514	37,158,611
Expenditure on:							
Charitable activities							
Childcare Expenditure	4	40,376,357	995,253	**41,371,610**	34,969,894	945,283	35,915,177
Training Expenditure	4	512,295	13,737	**526,032**	461,726	655	462,381
Total expenditure		40,888,652	1,008,990	**41,897,642**	35,431,620	945,938	36,377,558
Net surplus/(deficit) for the year		1,756,367	148,808	**1,905,175**	947,477	(166,424)	781,053
Transfers between funds	20	(738,000)	738,000	**-**	-	-	-
Net movement in funds		1,018,367	886,808	**1,905,175**	947,477	(166,424)	781,053
Reconciliation of funds:							
Total funds brought forward	18	2,174,414	1,107,243	**3,281,657**	1,226,937	1,273,667	2,500,604
Total funds carried forward		3,192,781	1,994,051	**5,186,832**	2,174,414	1,107,243	3,281,657

All of the charity's activities derived from continuing operations during the above two financial years.

The Charity has no recoginised gains or losses other than those shown above

The London Early Years Foundation

Balance sheet

For the year ended 31 March 2026

	Note	£	2026 £	£	2025 £
Fixed assets:					
Intangible assets	10		**1,215,482**		1,484,151
Tangible assets	11		**7,203,412**		6,760,676
			8,418,894		8,244,827
Current assets:					
Debtors	12	**1,772,552**		1,656,696	
Cash at bank and in hand	20	**4,613,819**		2,707,817	
Cash held on Deposit for Pension Bond		**738,000**		-	-
		7,124,371		4,364,513	
Liabilities:					
Creditors: amounts falling due within one year	13	**(7,593,714)**		(6,502,589)	
Net current (liabilities)/assets			**(469,343)**		(2,138,076)
Total assets less current liabilities			**7,949,552**		6,106,751
Creditors: amounts falling due after one year	15		**(2,762,720)**		(2,825,094)
Total net assets			**5,186,832**		3,281,657
The funds of the charity:	18				
Restricted income funds			**1,994,051**		1,107,243
Unrestricted income funds:					
General funds			**3,192,781**		2,174,414
Total charity funds			**5,186,832**		3,281,657

The financial statements on pages 40 to 57 were approved by the Board and authorised for issue on 28th October 2026 and signed on its behalf by:



Michael Garstka
Chair

28th October 2026

Company no. 02228978

The London Early Years Foundation

Cash flow satement

For the year ended 31 March 2026

	Note	£	2026 £	£	2025 £
Cash flows from operating activities	19		4,568,542		2,982,334
Cash flows from investing activities:					
Purchase of intangible assets		(11,683)		(477,018)	
Purchase of tangible assets		(1,392,773)		(1,394,276)	
Net cash used in investing activities			(1,404,457)		(1,871,294)
Cash flows from financing activities:					
Proceeds from borrowing		400,000		-	-
Cash placed in Pension bond		(738,000)		-	
Repayments of borrowing		(757,383)		(714,475)	
Interest paid		(162,700)		(212,920)	
Net cash used in financing activities			(1,258,083)		(927,395)
Change in cash and cash equivalents			1,906,002		183,645
Cash and cash equivalents at the beginning of the year			2,707,817		2,524,172
Cash and cash equivalents at the end	20		**4,613,819**		2,707,817

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Companies Act 2006. The financial statements are in GBP (£) which represents both presentational and functional currency and are rounded to the nearest £1.

London Early Years Foundation 'the organisation' is a company incorporated in England, United Kingdom under the Companies Act 2006. The organisation is a private limited company by guarantee without share capital and is registered in England and Wales. The registered office address is 121 Marsham Street, London, SW1P 4LX. The organisation is a registered charity limited by guarantee. Company number 02228978 and Charity number 299686.

b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

c) Going concern

The Trustees have reviewed the trading and cash forecasts, along with the underlying assumptions, and are confident that LEYF is a going concern. The latest forecast demonstrates LEYF's ability to meet its obligations and liabilities. Over the past year, LEYF has consistently met its obligations and liabilities, and the Trustees are satisfied that LEYF will continue to do so over the next twelve months.

In the Spring 2023 budget, the government announced a significant expansion and investment in childcare entitlements. This was rolled out between April 2024 and September 2025, along with increased funding rates from local authorities and has had a positive impact on performance and cashflow.

The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exists to cover a period of at least 12 months from the date of sign-off."

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

e) Donations of gifts

On receipt, cash gifts are recognised on the basis of the value of the gift to the charity which is their monetary value. LEYF also receives donations in kind, and the monetary values of these is recognised when the donation in kind is material and on the basis of estimated current market value.

f) Critical accounting estimates and judgements

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions which could have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are in relation to the provision for doubtful debts, the value of donations in kind, depreciation, amortisation, lease dilapidations and consideration of impairment of goodwill. Estimates are based on historical experience and other pertinent information, actual results may differ from these estimates.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

g) Interest receivable
Interest on funds held on deposit is included when received and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Interest payable
Interest on loans held is recognised when payable and the amount can be measured reliably by the charity; this is normally upon notification of the interest payable from the lender.

i) Fund accounting
LEYF maintains both restricted and unrestricted funds:
Unrestricted funds are donations and other incoming resources receivable or generated for the objects of LEYF.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Fund transfers - Restricted funds are transferred to unrestricted funds on occasion when restricted income has been used and restrictions no longer apply.

j) Expenditure and irrecoverable VAT
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on charitable activities includes the costs of delivering childcare undertaken to further the purposes of the charity and their associated support costs;

Training expenditure represents those costs that are for the training and development activity to develop LEYF staff and support the organisation and cannot be directly linked to childcare provision. Included within here are costs of the LEYF academy. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

k) Allocation of support and governance costs
Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between support and charitable activities on the basis of area occupied by each activity:

Childcare	**80%**
Training	**1%**
Support costs	**18%**
Governance costs	**1%**
	100%

Support and governance costs incurred on each of the Childcare and Training activities have been charged on the basis of staff time.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

l) Termination benefits

Settlement and redundancy cost are measured at the best estimate of the expenditure that would be required to settle the obligation and are recognised as an expense in the profit and loss.

m) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

n) Intangible fixed assets

Intangible fixed assets are made up of goodwill relating to the acquisition of nurseries, and software, development and implementation cost relating to the charity's Customer Relationship Management system (CRM), Human Resources system (HR), and the charity's website.

Goodwill arising from the acquisition of nurseries is written off over the shorter of, the length of tenure of the property lease, or 10 years.

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) which is expected to benefit from the acquisition. The CGU is determined as the LEYF group of nurseries. Cash generating units are reviewed at least annually, or more frequently when there is an indication that the CGU may be impaired. LEYF have reviewed the new nurseries and assets for any impairment in value. Each nursery has been considered as part of our consolidated mixed (profit making and social mission) nursery portfolio. There are no indications that any asset may be significantly impaired.

Software cost are stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the depreciable amount of the assets to its residual value over the estimated useful life. Software cost are amortised over 5 years.

Development cost relating to the CRM system, website and HR system are capitalised in the accounts as intangible assets. Upon completion, these cost will be amortised over the estimated useful life of 5 years.

o) Tangible fixed assets

Tangible fixed assets are initially measured at cost net of depreciation and any impairment losses. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Property	Leasehold property and improvements to leasehold property	50 years for Head office Other leases over the length of the lease
	Building Improvements	20 years or the length of the lease, whichever is shorter.
	Refurbishment Costs	5 years
Fixtures & Fittings	Furniture	10 years
	Industrial Appliances	10 years
	Domestic Appliances	5 years
Equipment	Nursery Toys & Equipment	10 years
	IT Equipment	4 years
	Office Equipment	5 years

p) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand
Cash at bank and in hand includes cash and savings in an instant access deposit account.

r) Pensions bond
The charity has a bond in place to provide security for membership the Local Government Pension Scheme. This has been recognised at face value on issue and is included within current assets as it could be called on at any time. As the Charity cannot unilaterally access these funds this has been treated as a restricted asset.

s) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Parental deposits held are recognised at their repayable value.

t) Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The charity's principal financial instruments include a bank overdraft and a loan from the Coronavirus Business Interruption Loan scheme (CBILS), Bonds issued through Triodos Bank UK Limited (the Registrar), Trust for London Trustee, Postcode Innovation Trust and Esmee Fairbairn. LEYF Property and assets are security for the CBILS loan.

The charity has debtors and creditors arising from its day-to-day operations to provide working capital. Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Creditors and provisions are recognised at their settlement amount after allowing for any trade discounts due.

u) Doubtful debt provision
In specific instances where a debtor amount has been identified as unlikely to be collected, a provision for the doubtful debt is recognised in debtors.

2. Donations

	Unrestricted £	Restricted £	**2026 Total £**	2025 Total £
Donations	311,598	184,635	**496,233**	534,961
Gifts in Kind	74,316	-	**74,316**	260,610
	385,914	184,635	**570,549**	795,571

Income from donations relate to funds and consultancy provided from other organisations or individuals to support the delivery of LEYF's charitable objectives.

Gifts in Kind include consultancy and guidance provided by the Social Business Trust, as well as, donated goods provided by Bikeworks, Greenbottoms, Bain and Clifford Chance.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

3. Charitable activities

	Unrestricted £	Restricted £	**2026 Total £**	2025 Total £
Income from charitable activities				
Childcare fees	24,210,308	-	**24,210,308**	42,985,725
Local Authority grants	17,754,762	819,327	**18,574,089**	10,141,028
Other grant income	71,036	40,000	**111,036**	227,856
Sub-total for Childcare income	42,036,106	859,327	**42,895,433**	36,081,720
Training Income	90,292	-	**90,292**	87,976
Sub-total for Other income	90,292	-	**90,292**	87,976
Total income from charitable activities	42,126,398	859,327	**42,985,725**	36,169,696

Local Authority grants totalling £17,537,183 (2025: £9,620,596) received relates to funded hours for children from 9 months to 4 years old. Restricted income from charitable activities in the prior year was £493,019.

4. Expenditure

	Charitable activities						
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £	**2026 Total £**	2025 Total £
Staff costs (Note 6)	24,405,523	369,322	-	5,353,103	555,000	**30,682,948**	25,801,836
Learning & Development	39,775	142,973	-	45,819	13,737	**242,304**	232,837
Recruitment and Personnel	1,042,369	-	-	315,142	-	**1,357,511**	1,180,207
Property	4,963,600	-	-	63,812	-	**5,027,412**	4,618,293
Consumables and Activities	1,469,146	-	-	1,327,717	241,628	**3,038,491**	2,883,315
Depreciation, Amortisation & Losses	810,150	-	-	236,049	182,657	**1,228,856**	1,103,957
Audit and Other Professional Fees	-	-	238,112	66,040	15,968	**320,120**	557,113
	32,730,563	512,295	238,112	7,407,682	1,008,990	**41,897,642**	36,377,558
Support costs	7,407,682	-	-	(7,407,682)	-	-	-
Governance costs	238,112	-	(238,112)	-	-	-	-
Total expenditure 2026	**40,376,357**	**512,295**	**-**	**-**	**1,008,990**	**41,897,642**	**-**
Total expenditure 2025	34,969,894	461,726	-	-	945,938	-	36,377,558

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

5. Net expenditure for the year

This is stated after charging:

	2026 Total £	2025 Total £
Depreciation	**938,801**	790,299
Amortisation	**280,351**	254,620
Loss on disposal of fixed assets	**11,237**	59,367
Interest payable	**160,901**	204,217
Operating lease rentals:		
Property	**1,665,319**	1,853,999
Equipment hire	**33,817**	37,574
Auditor's remuneration (excluding VAT):		
Current Year Audit	**54,950**	52,850
Other costs (financial and taxation advice)	**146**	710

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2026 Total £	2025 Total £
Salaries and wages	**25,441,437**	22,124,713
Social security costs	**2,906,206**	2,003,087
Employer's contribution to defined contribution pension schemes	**2,010,649**	1,379,630
Apprentice levy	**324,656**	294,407
	30,682,948	25,801,837

During the year redundancy and settlement costs were £27,026 (2025:£142,548), of which £nil relate to exgratia payments (2025: £24,000).

Agency Costs for the year were:	**1,082,983**	898,125

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2026 No.	2025 No.
£60 001 - £70 000	**10**	8
£70 001 - £80 000	**-**	2
£80 001 - £90 000	**3**	2
£90 001 - £100 000	**1**	-
£100 001 - £110 000	**-**	-
£110 001 - £120 000	**1**	1
£120 001 - £130 000	**1**	1
£130 001 - £140 000	**1**	1
£140 001 - £150 000	**-**	1
£150,001 - £160,000	**-**	2
£160,001 - £170,000	**1**	-
£170,001 - £180,000	**1**	-

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

The total employee benefits including pension and national insurance contributions of the key management personnel were £810,535 (2025: £785,816).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2025: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2025: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £nil for the year (2025: £nil).

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2026 No.	2025 No.
Childcare	**932**	852
Training	**10**	14
Support	**82**	75
	1,024	941

In March 2026, the number of staff employed on an FTE basis were 727 (2025: 724).

8. Related party transactions

During the year LEYF received Gifts in Kind with an estimated value of £18,699 (2025: £43,240) for volunteered days from EY graduates and Room hire for two events from Bain. EY is a related party as one of LEYF's Trustees is a partner of the firm, but has no involvement in this transaction. Two Trustees of LEYF are related to Bain & Company and are partners of the firm. All donations were without conditions attached.

The total expense incurred for services to related parties during the year was £37,689 (2025: £54,905). This amount includes payments of £34,279 (2025: £51,405) made to related parties of the CEO and a key member of staff. These were made under standard employment and supplier terms. In addition £3,410 (2025: £3,500) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief Executive Officer.

As at 31 March 2026 a total amount of £nil (2025 - none) was payable to related parties and have been included in trade creditors.

9. Taxation

Donations The charitable company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

10. Intangible fixed assets

	Software* £	Goodwill Acquired Nurseries £	**Total £**
Cost or valuation			
At the start of the year	691,077	1,591,104	**2,282,181**
Additions in year	11,683	-	**11,683**
At the end of the year	702,760	1,591,104	**2,293,864**
Amortisation			
At the start of the year	464,184	333,847	**798,031**
Charge for the year	127,260	153,091	**280,351**
At the end of the year	591,444	486,938	**1,078,382**
Net book value			
At the end of the year	111,316	1,104,166	**1,215,482**
At the start of the year	226,893	1,257,257	**1,484,150**

All of the above assets are used for charitable purposes.
*Included in software are costs relating to the development of the charity's Customer Relationship Management system, Human Resources system as well as costs relating to the upgrade of the charity's website.

11. Tangible fixed assets

	Leasehold Properties & Improvements £	Marsham Street Building £	Nursery Computer & Office Equipment £	Fixtures and Fittings £	**Total £**
Cost or valuation					
At the start of the year	6,174,007	2,818,061	1,020,931	1,097,469	**11,110,468**
Additions in year	559,266	-	187,099	646,408	**1,392,773**
Transfers in the year	292,272	-	-	(292,272)	**-**
Disposals	(5,074)	-	(8,056)	(14,444)	**(27,574)**
At the end of the year	7,020,471	2,818,061	1,199,974	1,437,161	**12,475,667**
Depreciation					
At the start of the year	2,078,575	1,058,632	661,028	551,557	**4,349,792**
Charge for the year	641,775	61,272	104,674	131,080	**938,801**
Transfers in the year	15,121	-	-	(15,121)	**-**
Disposals	(4,519)	-	(5,182)	(6,637)	**(16,338)**
At the end of the year	2,730,952	1,119,904	760,520	660,879	**5,272,255**
Net book value at the end of the year	4,289,519	1,698,157	439,454	776,282	**7,203,412**
At the start of the year	4,095,432	1,759,429	359,903	545,912	**6,760,676**

All of the above assets are used for charitable purposes.

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

12. Debtors

	2026	2025
	£	£
Trade debtors	**667,481**	701,189
Other debtors	**87,454**	96,148
Prepayments	**932,723**	730,607
Accrued income	**84,894**	128,752
	1,772,552	1,656,696

13. Creditors: amounts falling due within one year

	2026	2025
	£	£
Loans	**499,641**	796,449
Trade creditors	**1,300,335**	871,161
Taxation and social security	**577,684**	437,101
Other creditors	**2,239,045**	1,602,464
Accruals	**1,256,048**	1,213,500
Deferred income (Note 15)	**1,720,961**	1,581,914
	7,593,714	6,502,589

14. Deferred income

Deferred income in the year ended March 2026 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2026.

	2026	2025
	£	£
Balance at the beginning of the year	**1,581,914**	863,937
Amount released to income in the year	**(1,581,914)**	(863,937)
Amount deferred in the year	**1,720,961**	1,581,914
Balance at the end of the year	**1,720,961**	1,581,914

15. Creditors: amounts falling due after one year

	2026	2025
	£	£
Loans	**2,762,720**	2,825,094

	2026	2025
	£	£
Less than one year	**499,641**	796,449
Between two to five years	**2,456,599**	2,378,469
Over five years	**306,121**	446,625
Total due	**3,262,361**	3,621,543

A loan agreement of £3,000,000 under the Coronavirus Business Interruption Loan Scheme (CBILS) was entered into on 11 June 2020 and was drawn down on 24 September 2020. The loan is repayable over 72 instalments from this date. The first 12 months was an interest and capital free period after which interest at Bank Base Rate + 2.5% is repayable quarterly and capital repayments of £50,000 were repayable monthly from October 2021. The balance owing as at 31 March 2026 is £301,451 (2025: £905,521) which includes interest of £1,541 (2025: £5,521).

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

The loan is secured by a fixed and floating charge, the fixed charge is secured over all the assets of the charity and the floating charge is over all other property, assets and rights which is not subject to any other effective fixed charge.

On 5 May 2022, LEYF launched a bond issue through Triodos Bank UK Limited (the Registrar). These bonds were in the form of 1,500,000 bonds each with a nominal value of £1, with a minimum investment of £50, repayable on 31 May 2029 and with an average interest rate of 4.75%, payable on 31 May each year. The first interest payment was paid on 31 May 2023. On 7 July 2022, £1.0m bonds were allotted, with the balance of £0.5m being allotted on 1 September 2022. As at 31 March 2026 the balance owing is £1,531,483 (2025: £1,558,045), which includes interest of £57,983 (2025: £59,045). The bonds are unsecured.

On 1 November 2022, LEYF entered into a loan agreement with The Postcode Innovation Trust. An amount of £125,000 was received on 30 March 2023. Interest is payable monthly, at an annual rate of 3% with the effective interest start date of 1 April 2023. The loan is repayable in monthly instalments over the agreed term. As at 31 March 2026 the balance owing is £76,272 (2025: £93,337), which includes interest of £190 (2025: £nil). This loan is unsecured.

On 31 March 2023 LEYF received a £800,000 loan from Trust for London Trustee with a further £322,000 received on 22 May 2023 . The loan bears interest at a variable rate of 0.5% above the Bank of England base rate, capped to 4%. The first 12 months of interest were rolling interest and forms part of the total capital outstanding. Capital and interest monthly repayments began on 1 May 2024. As at 31 March 2026 the balance owing is £953,065 (2025: £1,064,640). The total interest capitalised was £37,435 (2025: £39,369). This loan is unsecured.

On 28 August 2025 LEYF received £400,000 from the Esmee Fairburn Foundation. Interest is payable quarterly with the rate based on social outcomes. Depending on these outcomes the rate will be between 2.5% and 5% with capital repayable quarterly from June 2027 to the end of March 2030. As at 31 March 2026 the balance owing is £400,000,
this includes interest of £nil.

16. Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2025: 7%) for all eligible staff. Outstanding contributions, for the Royal London Pension scheme, awaiting payment at the 31st March 2026, included in other creditors, were £364,342 (2025: £173,218). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

As at the 31st March LEYF were in discussions to join the London Borough of Hillingdon Pension fund, administered by the Local Government Pension Scheme (LGPS). As at the 31st March this agreement was not signed and therefore, as there is no legal obligation and insufficient information, this arrangement is currently accounted for as a defined contribrution plan. Contributions of £106,146 have been taken as at 31st March 2026, held in a separate bank account, along with £21,229 accrual for estimated contributions not yet taken. As a result of the transaction with Hillingdon and joining of the LGPS, LEYF recognises a contingent liability at year end for the pension liability for Hillingdon staff members. Due to investment and Actuarial uncertainty LEYF are unable to recognise the impact of the financial effect.

In preparation of joining the LGPS, LEYF entered into a Cash guaranteed Bond with NatWest which holds cash balances in a designated account as a bank guarantee in favour of the Local Government Pension Scheme. These funds are restricted to secure the pension obligations of the transferred nursery employees and cannot be used for the general charitable purposes of the organisation. As a result, this bond has been recognised as a restricted fund at year end.

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Notes to the financial statements

For the year ended 31 March 2026

17. Analysis of net assets between funds

	General Unrestricted £	Restricted £	2026 Total Funds £
Fixed assets	7,647,189	771,705	**8,418,894**
Net current assets	(1,691,688)	1,222,346	**(469,342)**
Long-term liabilities	(2,762,720)	-	**(2,762,720)**
Net assets at the end of the year	**3,192,781**	**1,994,051**	**5,186,832**

	General Unrestricted £	Restricted £	2025 Total Funds £
Fixed assets	7,523,655	721,172	**8,244,827**
Net current liabilities	(2,524,147)	386,071	**(2,138,076)**
Long-term liabilities	(2,825,094)	-	**(2,825,094)**
Net assets at the end of the year	**2,174,414**	**1,107,243**	**3,281,657**

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

18. Movement in funds

2025-26	At the start of the year £	Income £	Expenditure £	Transfers £	At the end of the year £
Restricted funds:				-	
Marsham Street Renovations	661,384	-	(52,940)	-	**608,444**
Pension Bond Reserve	-	-	-	738,000	**738,000**
Carlton Hill Refurbishment	57,478	-	(12,101)	-	**45,377**
Funding for vulnerable children	4,255	150,000	(136,162)	-	**18,093**
Colville Crisis Funding	12,516	-	-	-	**12,516**
Food banks	25,538	1,241	(2,483)	-	**24,296**
Chef Academy Funding	906	30,000	(30,332)	-	**574**
SEND Funding	-	563,118	(303,767)	-	**259,351**
LEYF Training Academy Funding	180,742	-	(180,742)	-	-
Strategic Growth Funding	126,150	234,661	(122,754)	-	**238,057**
Other Funds	38,274	178,778	(167,709)	-	**49,343**
Total restricted funds	1,107,243	1,157,798	(1,008,990)	738,000	**1,994,051**
Total unrestricted funds - general funds	2,174,414	42,645,019	(40,888,652)	(738,000)	**3,192,781**
Total funds	3,281,657	43,802,817	(41,897,642)	-	**5,186,832**

2024-25	At the start of the year £	Income £	Expenditure £	At the end of the year £
Restricted funds:				
Marsham Street Renovations	714,326	-	(52,942)	**661,384**
Carlton Hill Refurbishment	69,582	-	(12,104)	**57,478**
Funding for vulnerable children	()	150,000	(145,745)	**4,255**
Colville Crisis Fund	12,516	-	-	**12,516**
Food Banks	1,867	26,338	(2,667)	**25,538**
Chef Academy Funding	86,225	-	(85,319)	**906**
Additional Government Funding (inc SEND)	-	234,399	(234,399)	**-**
LEYF Training Academy Funding	228,667	218,898	(266,823)	**180,742**
Strategic Growth Funding	125,000	27,722	(26,572)	**126,150**
Other Funds	35,484	122,161	(119,371)	**38,274**
Total restricted funds	1,273,667	779,518	(945,942)	**1,107,243**
Total unrestricted funds - general funds	1,226,937	36,379,097	(35,431,620)	**2,174,414**
Total funds	2,500,604	37,158,615	(36,377,562)	**3,281,657**

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The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

18. Movements in funds (continued)

Purposes of restricted funds

The Pension Bond Fund represents cash balances held in a designated account with NatWest as a bank guarantee in favour of the Local Government Pension Scheme. These funds are contractually restricted to secure the pension obligations of the transferred nursery employees and cannot be used for the general charitable purposes of the organisation.

Marsham Street Renovations Fund received funds from Westminster City Council, Social Investment Business and a number of other donors to fund the renovation of 121 Marsham Street offices and Marsham Street Nursery.

Carlton Hill Refurbishment Fund received funds from Westminster City Council to fund the capital works required at the nursery when we took on the nursery.

Funding for Vulnerable Children includes donations received to provide additional hours for vulnerable children, summer club and food hampers.

Colville Crisis Fund was transferred from Colville Nursery Centre when we took ownership of the nursery in order to be used to support local parents with their nursery fees in times of personal crisis and parents staying in the local refuge who are not able to afford childcare.

Funding for Food Banks relates to donations received to support the running of our Food Banks.

Chef Academy Fund was launched in July 2019. A grant from Guy's and St Thomas' Charity supporting the evaluation of how the Chef Academy can have an impact on Early Years environments and in turn eating behaviours, to help tackle childhood obesity.

Additional Government Funding (inc SEND) received to support the provision of children with additional Special Education Needs and Disabilities or for socio-economically disadvantaged children.

LEYF Training academy funding was received to support the upskilling in Early Years. There is a well-established link between qualified Early Year teachers and better outcomes for children.

Strategic growth funding is used to support our strategic growth, including expansion into areas of London where we can maximise our social impact.

Other Funding relates to Green LEYF which helps us to develop environmental activities across our nurseries, Special Support Fund for families in crisis and other small value funds.

19. Reconciliation of net expenditure to net cash flow from operating activities

	2026	2025
	£	£
Net surplus income for the reporting period (as per the statement of financial activities)	**1,905,175**	781,053
Depreciation and amortisation charges	**1,219,152**	1,044,918
Loss on disposal of tangible fixed assets	**11,237**	59,367
Interest payable	**160,901**	204,217
Increase in debtors	**(115,856)**	(441,337)
Increase in creditors	**1,387,933**	1,334,116
Net cash provided by/ (used in) operating activities	**4,568,542**	2,982,334

The London Early Years Foundation

Notes to the financial statements

For the year ended 31 March 2026

20. Analysis of cash

	At 1 April 2025 £	Cash flows £	**At 31 March 2026 £**
Cash at bank and in hand	2,707,817	1,906,002	**4,613,819**
Total cash and cash equivalents	2,707,817	1,906,002	**4,613,819**

21. Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	£	£	**2026 £**	2025 £
	Property	Other	**Total**	Total
Less than one year	1,866,006	18,071	**1,884,077**	1,627,311
One to five years	6,284,393	32,015	**6,316,408**	5,770,756
Over five years	8,273,144	-	**8,273,144**	7,330,585
	16,437,243	50,086	**16,487,329**	14,728,652

22. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

23. Capital Commitments

As at 31 March 2026, outstanding capital commitments totalled £830,064 (2025: £nil). This includes refurbishment and capital improvements made to the newly acquired nurseries in Hillingdon, as well as full refurbishment of Carlton Hill nursery.

24. Net debt reconciliation

	At 1 April 2025 £	Cash flows £	Other non-cash changes £	**At 31 March 2026 £**
Cash at bank and in hand	2,707,817	1,906,002	-	**4,613,819**
Debt due within one year	(796,449)	731,883	(435,075)	**(499,641)**
Debt due after one year	(2,825,094)	(374,500)	436,874	**(2,762,720)**
Total cash and cash equivalents	(913,726)	2,263,385	1,799	**1,351,458**

25. Subsequent events

On 24th April 2026 LEYF joined the London Borough of Hillingdon defined benefit pension scheme operated by the Local Government Pension Scheme (LGPS). As part of this agreement we are holding a £738,000 bond which will be paid over to the Admissions Body in the event of liquidation or breach of LEYF obligations under the defined benefit pension scheme.

The Landlord for Stoke Newington Nursery has given notice to leave the premises by November 2026. Included in the accounts is a provision of £8,000 to cover estimated dilapidation costs and fixed assets have been reviewed and an impairment adjustment has been made of £106,999.

In September 2026, a serious incident was reported to the Charity Commission in line with its guidance on reporting. The incident related to a Welfare Requirements Notice and subsequent temporary suspension of registration at one of LEYF's nurseries. Work is ongoing to resolve this situation.

Experiences in early childhood literally shape lives and are often the root cause of today's hardest social challenges such as addiction, poor mental health and homelessness.

LEYF is impelled by the need to provide best quality education and care every day in our nurseries, as we know this will make the biggest difference to children's futures.

www.leyf.org.uk

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