

The London Early Years Foundation



Leysf
Nurseries

**Annual Report 2024/25
and Statement of Accounts**

Company no: 02228978 Charity no: 299686

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Message from our Chair and Chief Executive

Dear Friends and Supporters,

This year, we have continued to stay true to our mission of changing the world one child at a time by delivering high-quality early years education and care to young children especially those living in the most disadvantaged communities. Three quarters of our nurseries are located in neighbourhoods ranked among the most deprived in the country, where families face not only financial hardship but also a severe shortage of nursery places. In some of these areas, there are barely half as many childcare places as in more affluent parts of London, making our presence and our purpose all the more vital.

Across all our settings, quality remains at the heart of everything we do. Ofsted inspected several of our nurseries this year, and every one of them achieved a rating of Outstanding or Good. We were also proud to be ranked the second highest for quality among the 25 largest nursery groups in the UK in the latest Nursery World league table, a reflection of our collective dedication and expertise.

Sustaining this level of excellence takes ongoing investment in our people and our pedagogy. Through the LEYF Pedagogy Development System (LPDS) and our London Institute of Early Years, we nurture the professional growth of our staff at every stage from apprentices to degree-level learners. This year, we welcomed new apprentices, delivered hundreds of training sessions, and supported degree candidates who are developing

into the next generation of inspiring early years leaders.

Our teachers, chefs, and nursery staff are the heartbeat of LEYF. Their creativity, care, and commitment shine through in every interaction with our children and families. It was wonderful—but not surprising—to see this reflected in our latest staff engagement survey, where 88% of respondents said they “feel proud to work for LEYF,” and 90% said they are “motivated to work for an organisation driven by social purpose.” These results affirm that our focus on culture, wellbeing, and development is making a real difference.

We also grew this year—welcoming more children, increasing occupancy to post-Covid highs, and expanding our footprint with five new nurseries across Brixton, Newham, and Hillingdon.

Beyond our nurseries, LEYF continues to influence the wider early years sector through research, training, and advocacy. We refreshed our Brilliant Babies programme and Twoness of Twos report, helping educators deepen their understanding of two-year-olds’ learning and care. We also continue to campaign passionately for fair access to quality early years education for all children especially the most disadvantaged and for a funding system that allows nurseries to thrive sustainably.

Together, we are shaping a future where every child, regardless of background, has the best possible start in life.



June O'Sullivan

Dr June O'Sullivan OBE
Chief Executive

Mike Garstka

Mike Garstka
Chair

88%

of staff engagement survey respondents said they “**feel proud to work for LEYF.**”

Who we are, what we do and our social purpose

London Early Years Foundation (LEYF) is the UK's largest charitable childcare social enterprise with an ambition of 'changing the world, one child at a time'. We currently have 40 nurseries across 12 London boroughs.

We have a fascinating history. Originally developed by a group of medical philanthropists in 1903 to address the shocking mortality of mothers and children in Westminster, we have been shaped by the historical, economic and social contexts of the times, eventually becoming a social enterprise in 2008. Our social purpose is to change the world one child at a time by giving London's children aged 0-5 years access to the highest quality Early Years Education and Care, no matter their background – helping them to achieve their full potential.

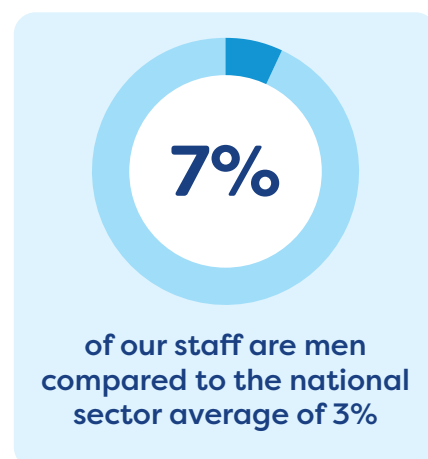


We have designed our social pedagogy to support all children to thrive. It is the basis of everything we do and ensures all our business decisions are made around the interests of the children. Our pedagogy is designed to drive social justice by ensuring all children, but especially those from poor and disadvantaged backgrounds, exceed educationally.

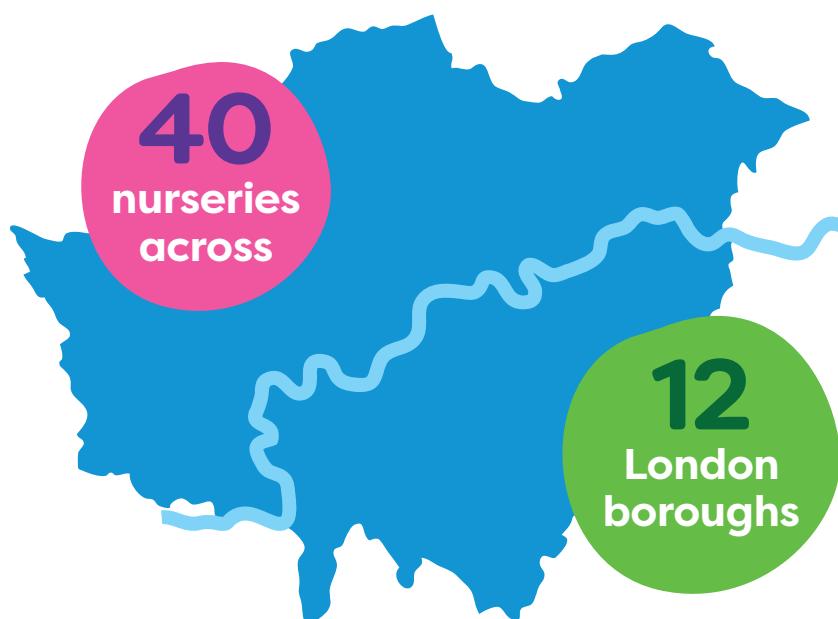
For example, more than 44% of our nurseries are Ofsted rated 'Outstanding' versus an average of 14% nationally.

Our colleagues are our most important asset, and we respect the knowledge, skills and positive attitude they bring to their roles. We pride ourselves on creating an inclusive family environment for all our staff. We are proud that 7% of our staff are men compared to the national sector average of 3% (DfE, online, 2019) and 46% of our staff are from minority ethnic communities.

Staff turnover remains high across the Early Years sector; however, the average length of service at LEYF is 5.1 years, which



has increased from 4.8 years in the prior year and reflects the great work managers have been doing to create positive work and team environments to protect retention.



We are delighted to be able to offer competitive pay and benefits to LEYF staff, some of whom attended a LEYF nursery when they were children themselves and others whose own children are attending a LEYF nursery.

We know that the best service is delivered by well-trained and motivated staff and is highly valued by parents. We therefore pride ourselves on our award-winning training for all our staff, delivered through our London Institute of Early Years (LIEY). Staff are supported to learn and develop in many pedagogical, and leadership skills as well as offering development through qualification from apprentices to degrees.

Early Years Chefs can access accredited CPD programmes through the Early Years Chef Academy. All staff can learn to become coaches or sustainability champions. We are now offering some of these programmes to the wider Early Years sector and strengthening our praxeological research with academic partners



from across the world. Research at LEYF is designed to drive continuous quality improvement by anchoring our learning into practice.

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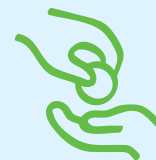
100%

Ofsted Outstanding and Good nurseries



4,191

children supported



1,198

funded-only places



140

apprentices



898

staff



62

NPS score

Supporting all our children

LEYF welcomes all children, including those with Special Educational Needs and Disabilities (SEND) who we know are too often turned away from other settings.

The number of children with SEND in our nurseries continues to increase but we remain consistent in our endeavours to provide for these children, so they can access relevant and effective intervention and support. We will watch with interest as the Department for Education commissions some national research to understand what is driving these increases.

Inclusive practice at LEYF is guided by the [Children and Families Act 2014](#), [Equality Act 2010: guidance - GOV.UK](#) and [SEND Code of Practice January 2015](#), which was reviewed in 2024 alongside the statutory framework for the Early Years Foundation stage for group and school providers. All of which are delivered through the LEYF Pedagogy.



Our recently updated SENDCo Induction Pack is designed to support our newly trained SENDCos to acquire the necessary level of knowledge and competence to fulfil their role. This induction makes the responsibilities of the SENDCo explicit and highlights their role in monitoring the impact of the provision that is in place for those children with identified needs and/or SEND within their nursery. SENDCos also advise their wider team on the best ways to

support any children with SEND or potential learning delays.

This year, the SEND team has worked on the creation of a LEYF SEND Toolkit, to inform and support the Ordinarily Available Provision (OAP) at LEYF settings. OAP is the range of activities, opportunities and strategies that are offered as basic good practice to support a range of additional needs without the need for a formal diagnosis or specialist support. At LEYF, the OAP is informed by the LEYF Pedagogy, LPDS and LEYF SEND Toolkit.

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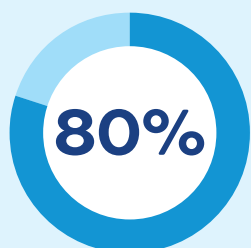
SEND toolkit

A guide for teachers and all staff at LEYF

LEYF
Nurseries



Our newly created LEYF SEND Toolkit



80% of LEYF SENDCos hold an NCFE CACHE Level 3 Award

We have continued to offer all LEYF SENDCos the opportunity to complete the NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Years Settings, with a total of 32 (80%) LEYF SENDCos holding this award. In addition, four SENDCos are currently completing the training and another seven are

enrolled for the next cohort commencing in April 2024.

We run termly LEYF SENDCo Forums to provide SENDCos with opportunities to share ideas and best practice, gain support from colleagues and receive updates on relevant local and national developments.

A SEND consultation forum is also delivered on a termly basis, so that SENDCos can engage in collaborative learning using a problem-solving framework to discuss challenges they face in their role.

Requests from nurseries for the SEND team to deliver training to support children with SEND has been high this year. This reflects teachers' need to confidently address the increasing numbers

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of children on the SEND continuum or who have been identified as having learning delays. Throughout 2024/25, 18 nursery training days or twilight training sessions have featured training on SEND strategies and/or processes.

Strategic ambition



LEYF prides itself on being a very agile organisation.

We have reshaped our strategic ambition in response to the current financial climate and changes to Government childcare policy by using our experience and expertise to remain competitive and influential.

We revised the four strategic objectives agreed at the Trustee Awayday in February and re-designed a reporting tracking system to show progress against the functional targets created to drive the objectives.

Financial sustainability



- Ensure LEYF remains a sustainable organisation now and for the future.
- Ensure that LEYF can access national and local Government funding opportunities while continuing to advocate for policies that will ensure our financial sustainability.

Optimise our social impact



- Position LEYF as a scalable model of social enterprise childcare; offering a business model that is attractive to Government and policymakers.
- Position our London Institute for Early Years by delivering training, research and consultancy across the sector nationally and internationally.
- Optimise our impact through national and international partnerships.

Increase the number of LEYF children



- Keep LEYF in the limelight as an organisation that puts children at the heart of the organisation. Ensure this narrative is shared with the public so we become the go-to nursery group.
- Track growth opportunities through networks and collaborate across the Early Years sector, social enterprise and the wider business landscape.
- Promote the LEYF business model and social justice pedagogy by speaking at EYEC national and international events, as well as continue to campaign to encourage staff to follow us so we can recruit to extend the nurseries.

Build our brand



- Raise the LEYF voice and extend the reach of our media and PR to make LEYF a go-to brand for high quality EYEC.
- Strengthen the LEYF pathway to local authorities, parents and partners using a range of media and communication channels.
- Develop the LEYF Employee Value Proposition to create a warm and empathetic environment in which all our staff can thrive.

Amplify and advocate:

Giving a voice to the under-served

We campaign on a range of issues including child poverty, transforming the Early Years food offer, sustainability informed staff and recognising and rewarding a greater diversity of apprentices and staff across the workforce.

The London Early Years Foundation's (LEYF) annual Margaret Horn Debate has focused on many contested issues in the Early Years and reminds us just how political the sector is and how big economic and social issues impact our children's lives. Since its formation, we have covered topics including social justice, child poverty, pedagogy, multi-generational approaches, men in childcare, child health and obesity, and many others.

This year, the debate question was: Is modern parenting fit for purpose? We examined the concept of modern parenting and how we have moved from child rearing to creating the verb 'to parent', moving parents to centre stage, which has led to the growth of a multi-million-pound industry of parent influencers, books and courses with a conflicting set of messages.

Our panel was chaired by The Telegraph journalist, Anna Tysack and included Dr Jade Redfern, a psychologist who also operates on social media, Professor Ellie Lee, an academic who leads the Centre for Parenting Culture Studies at the University of Kent, Funmi Adeogan, a very experienced LEYF Nursery Manager, Mike Abbott, the LEYF Director of Operations and father of an autistic son, and Sue Palmer, the author of Toxic Childhood.

The debate was wide-ranging but recognised that large-scale social problems don't start with them, but parenting reflects society, culture, politics and social inequality, and how the modern world is changing places a big burden on parents as to how to respond.

Children no longer play out because of the fear of traffic and heightened risk of safety. Parents face huge commercial pressures from sophisticated corporate marketing departments to get them to buy things for children that aren't good for them, for example, screen-based toys which pretend to be educational or food that is fuelling the obesity crisis. The dominance of technology, screen time and social media was a strong theme aggravated by the unhelpful lack of consistent guidance.

The debate highlighted the importance of the parent-child relationship and our role to in nurturing parents to feel confident in their parenting decisions. It is something we will come back to again.

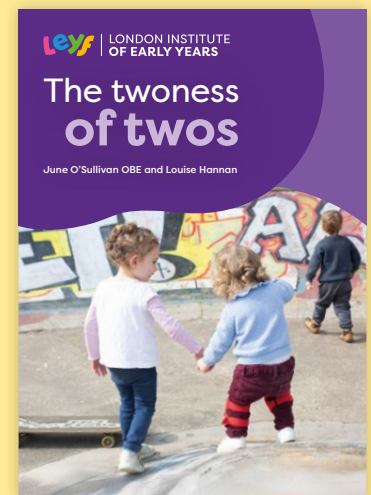
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A voice for children and the sector

This year, one contribution to the sector was the refreshed research report, The Twoness of Twos. This was in response to the Government policy to expand the two-year-old offer from 15 to 30 hours in a sector with a shortage of qualified and experienced staff.

Our report was written to help students and staff new to working with two-year-olds to meet the rapid development needs of delightfully spirited toddlers. It was well received, with over 500 downloads.



Section 1: Social Purpose

The Social Justice Pedagogy

The Social Justice Pedagogy is our teaching and learning model and reflects our commitment to social justice. It underpins all that we do and enables the continuous cycle of improvement that shapes our practice.

Created by Dr. June O'Sullivan and implemented at LEYF, the Social Justice Pedagogy draws on extensive research into how young children learn. It is thoughtfully designed to narrow the achievement gap and equip all children with the skills, knowledge and confidence they need to flourish, regardless of their background.

The Social Justice Pedagogy is formed of seven distinct but interconnected strands, which together create rich experiences for our children, supporting their continuous learning and development.



The seven strands of the Social Justice Pedagogy

- 1 Leading for a Culture of Excellence (LFCE)
- 2 Spiral Curriculum (SC)
- 3 Enabling Environments (EE)
- 4 Harmonious Relationships (HR)
- 5 Safe, Fit and Healthy (SFH)
- 6 Home Learning (HL)
- 7 Multi-Generational Approach (MGA)

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 their provision twice a year using the LPDS and then these are moderated and evaluated across all the organisation to track themes and patterns, and they shape our annual training and development plan. This enables us to maintain a cycle of improvement which is further supported through action research projects.

Since the inception of the LPDS in 2018, we have been tracking



our nurseries' LPDS scores which are agreed through a reflective process and strong pedagogical conversations led by nursery managers.

This reflective approach drives quality of delivery and is key to our commitment to providing every child attending a LEYF nursery with a high-quality Early Years experience.

However, quality is driven through a continuous improvement loop and this means we regularly review the approach and scoring. We therefore completed a comprehensive review of our documentation and moderation processes this year, including redesigning the criteria for



sustainability to ensure our nurseries are supported to set ambitious targets for how they articulate and implement the Social Justice Pedagogy.

This review has allowed us to establish a refreshed data baseline, providing a clear foundation for future development and highlighting both nursery strengths and areas for focused improvement.

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The Social Justice Pedagogy Rope



Section 1: Social Purpose

London Institute of Early Years

Supporting our people and the sector with award-winning training and CPD delivered through our London Institute of Early Years.

The London Institute of Early Years (LIEY) delivers award-winning training and CPD, educating our LEYF colleagues and the wider sector. The LIEY offers an elevated way to share new and existing training while expanding our practice-based research.

We offer a comprehensive range of qualifications, from apprenticeships to an Early Childhood Honours degree in partnership with the University of Wolverhampton. We also provide specialist courses like our CACHE-accredited Chef and SENDCo programmes, and our unique Sustainability Diploma. All training is delivered by experienced in-house experts.

As sector leaders, we also provide consultancy, research and bespoke workshops, sharing best practices in areas like infant development, outdoor learning, social leadership and sustainability.

Our commitment to quality is validated by successful external quality assurance visits, maintaining our Level 1 grading and affirming our dedication to developing exceptional Early Years professionals.

Following the continued success of both our Chef training programme and continued advocacy for the right of every child to have access to nutritionally balanced food, we have experienced a particularly high volume of requests to share our expertise in early childhood nutrition.

“

As sector leaders, we also provide consultancy, research and bespoke workshops, sharing best practices in areas like infant development, outdoor learning, social leadership and sustainability.

Some of these have included:

- Nourish Our Future Essex (NOFE): A keynote speech and workshop at this conference on supporting children's development at mealtimes
- Guernsey: A series of workshops on the policy and practice of supporting nutrition in the EYFS
- Nursery World Big Day Out: A live demonstration of cooking for children with allergies
- Department of Health and Social Care: Consulting on the implementation of supervised tooth brushing in Early Years settings.

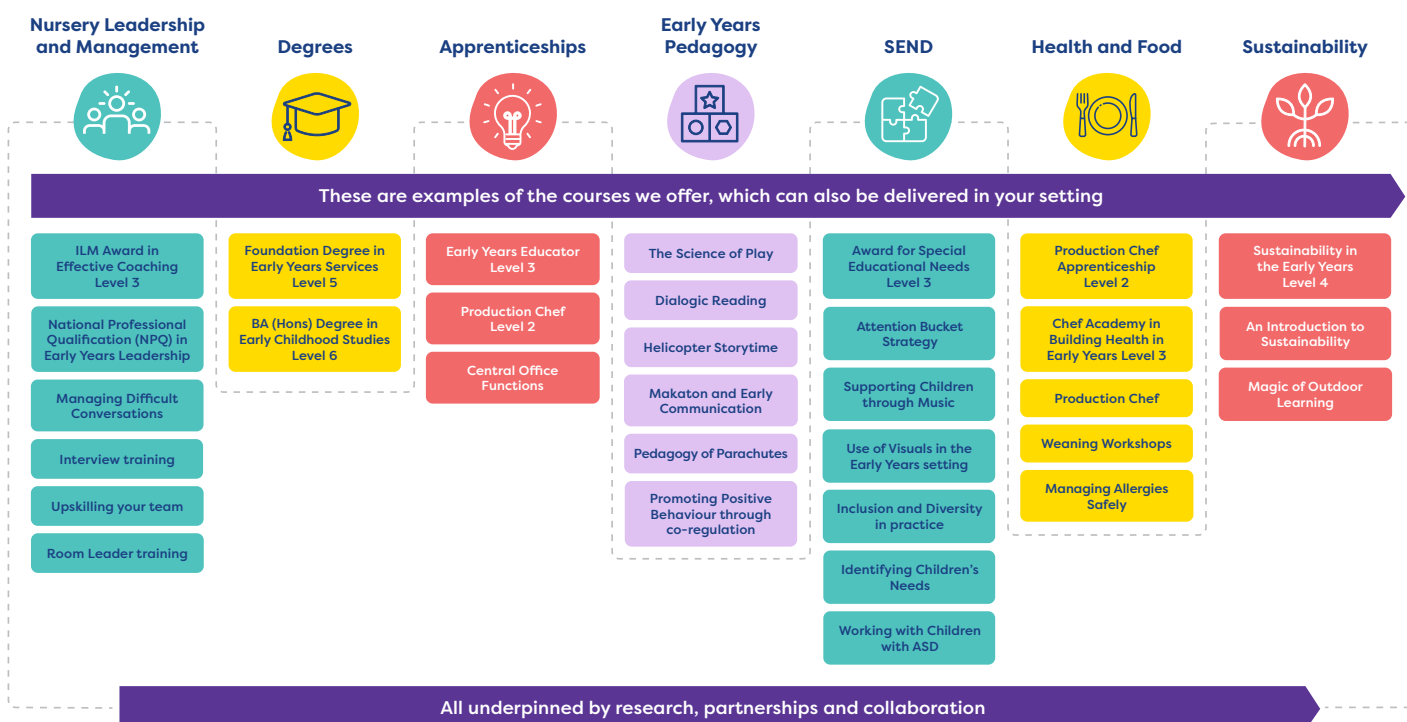


We have also expanded our range of leadership programmes, with the introduction of the LEYF Leadership Programme, a social leadership programme for current and aspiring Room Managers to build their confidence as they take their first steps into a leadership role. This course has been well received, and as a result we are currently operating a waiting list due to a high demand for places across the organisation.

Number of learners enrolled on accredited programmes:

Course	Learners who have completed the programme	Learners still currently in progress	Total learners FY 24/25
LEYF Degree	5	20	25
Level 4 Award in promoting Sustainability in an Early Years Setting	7	14	21
Level 3 Award in Building Health through Food	10	5	15
Level 3 Award for SENDCOs	11	5	16

London Institute of Early Years training offering



Section 1: Social Purpose

Apprenticeship programme

Our apprentices are supported on their learning journey by the team in the LEYF Apprentice Academy who nurture and coach them as they apply their learning in practice within our nurseries.

The LEYF Apprentice Academy provides a comprehensive enrichment programme to complement the formal training offered by the apprenticeship providers. Our dedicated team, now strengthened by an additional Apprentice Programme Officer, offers a significant level of support to both apprentices and their teams through in-person discussions at the Apprentice Academy, virtual meetings and in-person nursery visits.

Alongside this, each apprentice has a workplace coach to help them synthesise classroom theory with learning and practice. A refreshed marketing approach, highlighting the additional support we offer our apprentices, has had a positive impact on our apprentice recruitment and we have seen a 58% growth in applications and the cohort sizes increasing from 20–25 to 30–35 to accommodate this.

Our Apprentice Programme won the Central YMCA Awards 2024



**growth in applications
to LEYF's Apprentice
Academy**

category Employer of the Year. The judges were impressed with the comprehensive support programme for learners, from induction through to completion and the level of ancillary bespoke support for each learner. They recognised 'A caring employer with an ethos of inclusion, equality and empathy that shines through their support of apprentices in their employ' as one of our many attributes.

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[LEYF is] a caring employer with an ethos of inclusion, equality and empathy that shines through their support of apprentices in their employ as one of our many attributes.”

YMCA Award judges

All apprentice training takes place at the LEYF Apprentice Academy attached to our Burgess Park Nursery, which offers one large training space and two breakout rooms for quiet study and revision, a resource library and a laptop lending scheme.

The laptop lending scheme has supported apprentices to access virtual learning, carry out independent research and complete coursework, eliminating and the barrier to access technology.

During the year, we had nine cohorts of Early Years Educator apprentices, totalling 140; a 77.86% increase from last year. Many of our apprentices, including both internal LEYF nursery staff, had not previously had the opportunity to complete a qualification. In addition to Early Years Educator apprentices, we also had three apprentices in Central Office complete their qualifications with two receiving a Distinction. This year, we celebrated the completion of our first Early Years Chef Apprentice who passed with a Distinction.

We fund our Apprentice Programmes through our own levy pot as well as generous levy transfers from JPMorgan Chase and Pearsons, totalling £681,000. As demand grows, we will continue to utilise our own levy for staff CPD and explore further levy transfer partnerships.



“

The learning I have received alongside the apprenticeship has made me a better nursery teacher. I see the theories we are learning and think to myself, ‘Wow, that’s the theory we learnt in action!’ and it makes me realise I’m doing the right thing and even makes me want to do the degree now.”

LEYF Apprentice at Camberwell Grove

“

In school, I was always told I wouldn’t amount to much as I struggled to complete my schoolwork. With the apprenticeship, I have grown so much in my confidence, and I am achieving things I never knew I could.”

LEYF Apprentice at Carlton Hill

Section 1: Social Purpose

Sustainability at LEYF

Ensuring Long-Term Sustainability while Upholding Economic, Social, Environmental and Community Commitments.



Economic Sustainability: Sustainable Reduction of Consumables and Cost Efficiency

To promote sustainable practices across our nurseries, we have implemented measures to significantly reduce the use of consumable materials. By streamlining procurement processes, prioritising reusable and recyclable materials, and promoting resource-conscious behaviours among staff and children, we are achieving cost savings while reducing waste. These efforts align with our financial sustainability goals and our commitment to environmental responsibility.



Enhancing Outdoor Learning and Biodiversity through Ward Budget funding

Through Ward Budget funding (funding provided by Councils to support local issues), we have secured financial support for five nurseries to enhance their outdoor learning environments.

These improvements include new resources, raised garden beds for food growing and biodiversity enhancements such as pollinator-friendly planting and wildlife habitats. By enriching our outdoor spaces, we are fostering children's connection with nature while improving the ecological value of our nursery grounds.



Expanding Food Growing Initiatives and Supporting Food Banks

We have successfully secured grants to establish and maintain seasonal allotments at various nurseries, providing children with hands-on opportunities to learn about food production, sustainability and healthy eating. These growing spaces not only educate children about where their food comes from but also contribute fresh fruits and vegetables to local food banks, supporting families experiencing food insecurity.

In addition, we have obtained additional funding to ensure the continued operation of food banks associated with our nurseries. This initiative strengthens our role in community support, helping families access nutritious food during challenging times.

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Commitment to Renewable Energy and Sustainable Operations

Currently, 24 of our nurseries are operating on 100% renewable energy, significantly reducing our carbon footprint. We are committed to further expanding this initiative in the coming year, ensuring that even more of our nurseries transition to green energy sources. This is a key step in our broader sustainability strategy, reinforcing our leadership in environmentally responsible Early Years education.

By integrating sustainability into every aspect of our operations, we are not only safeguarding the future of LEYF but also creating lasting positive impacts for children, families and communities across London.



Achieving a Fully Decarbonised Building – Micky Star Nursery and Pre-school

As part of our commitment to sustainable Early Years education, we have successfully de-carbonised Micky Star Nursery and Pre-school, making it one of our most environmentally friendly sites. This milestone reflects our ongoing efforts to transition to low-carbon operations across all our nurseries, reducing energy consumption and reliance on fossil fuels.

Diverting Nappy Waste from Landfill to Energy-from-Waste (EfW) Facilities

We have successfully redirected **67.89 tonnes** of nappy waste from landfill to Energy-from-Waste (EfW) facilities, preventing unnecessary landfill accumulation and reducing greenhouse gas emissions. This initiative has resulted in a carbon footprint reduction of **41.40 tonnes** of CO₂e, demonstrating our commitment to sustainable waste management and innovative solutions for one of the most significant waste streams in Early Years settings.

Significant Reductions in Consumables (2023/24 – 2024/25)

Through targeted sustainability initiatives, we have achieved substantial reductions in single-use consumables, cutting waste and promoting more eco-friendly alternatives.

Key achievements include:

6,450

fewer sheets of paper used across nurseries, promoting digital alternatives and responsible printing practices.

1,700

fewer wipes used, reducing unnecessary disposable products.

20,479

fewer individual gloves used, streamlining usage while maintaining hygiene standards.

182,296

fewer paper towel sheets used, thanks to improved hand-drying strategies and increased use of reusable options.

These reductions not only lower our environmental footprint but also generate financial savings that can be reinvested into the nurseries.

Driving a Greener Future through Sustainable Partnerships

One of the ways we are embedding sustainability into our daily practices is by developing and nurturing our 12 strategic sustainability partners, to anchor sustainability throughout our organisation. These partnerships allow us to deliver essential resources and support to families while helping us demonstrate the knowledge and habits to children to help them become responsible global citizens. We are currently ensuring that no child goes without the basics they need to learn and grow.

Our collaborations focus on key areas such as:

- Food, clothing and essential supplies: Our resource banks provide families with everyday necessities.
- Sponsorship for nappies and wipes: Two nurseries have been fully sponsored for an entire year, ensuring that children have access to essential hygiene products while attending nursery.

- Nappy banks: A total of **17,700 nappies** and **33,200 wipes** have been donated to establish dedicated nappy banks, supporting families experiencing financial hardship.
- Footwear support: **377 pairs of shoes** have been donated by Sal's Shoes to ensure that children have proper footwear, reducing barriers to participation in nursery activities.
- Bike access for children: **475 bikes** have been donated through Bike Works to support nurseries and a bike-lending scheme, promoting active travel and early cycling skills.
- Through our partnership with Sprout Baby, we have prevented **1,300 pieces of clothing** from ending up in landfill by supporting a circular economy for children's clothing. By promoting reuse and responsible disposal, we are reducing textile waste and fostering a more sustainable approach to children's fashion.



Leading the Way in Sustainability Education

As we continue to educate both internal and external students about the importance of sustainability in Early Years settings, our Level 4 qualification – Developing Sustainability in the Early Years remains a world-first qualification in the sector. Endorsed by CACHE/NCFE, this course equips educators with the knowledge and tools needed to embed sustainability into their practice.

The qualification is further enhanced by our community of practice, bringing together educators, researchers and sector leaders to share best practices and drive positive change from across the world.

Global Impact: Mangrove Forest Project in Kenya

Beyond our local efforts, LEYF is actively supporting international climate action through our Mangrove Forest Project in Kenya.

This project aligns with our commitment to environmental sustainability and social responsibility, ensuring that our impact extends far beyond the UK.

2,200

mangrove trees planted, significantly contributing to global carbon absorption

1,980

tonnes of carbon absorbed, as mangroves sequester four times more carbon than terrestrial trees

275

working hours created for local farmers, supporting sustainable livelihoods and economic growth in the region.

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We are proud
of leading the
Early Years sector by
educating professionals
in sustainability-
informed
practices.



Section 2: Operations and Finance

Controlled growth and improved staffing levels

The financial year ending March 2025 demonstrated the organisation's maturity as we move through a period of growth, driven by increasing Government funding and managed acquisition. Staff vacancies have reduced through focused recruitment efforts and improving staff turnover figures.

We ended the year in March with a pleasing 77% occupancy level, which was in line with the previous year-end despite a growth in capacity to 2,350 FTE. Overall occupancy grew by 4.8% to 1,804 FTE at year-end. Growth was strongest in 2- to 3-year-olds, driven by the introduction of new Government funding for this age group from April 2024, though an anticipated similar growth in occupancy from 9-months to 2-year-olds was not forthcoming from September 2024 when this additional funding was introduced.

Our Annual Parent Survey was completed in January 2025 and showed a pleasing 1-point improvement to 62 points – a third annual increase of 1%, as measured by the Net Promoter methodology. The mean parent

score of 9.89, out of a possible 10, meant that 69% of our parents scored us at 9 or 10 out of 10, another pleasing improvement of 1% year on year. Just 7% of our parents scored us at 6 or below (detractors) and we have already begun detailed action plans to address specific points raised in the detailed feedback, which particularly focused on improving communication through consistent, daily use of the parent app.

Towards the latter part of the financial year, the acquisition

of Brixton Garden in Brixton (which was formed through the merger of our relocating Brixton Recreation Centre nursery on the site of the acquired Little Angels setting), and the acquisition of a fourth setting in the Borough of Newham (Green Gate Nursery) has demonstrated LEYF's commitment to controlled growth in mixed demographic areas away from the historic central London areas, in line with population movement.

The successful tender prior to Christmas 2024 for the three Local Authority owned nurseries in Hillingdon, which completed in August 2025, will further increase our capacity, drive increased occupancy through adding 250 additional places, and mean entry into a thirteenth London Borough, this time in the west of the capital. This demonstrates our ambition for managed growth away from areas of population decline in the centre.



parent approval rating
(January 2025)



Children at our newly opened Brixton Garden Nursery and Pre-school

Section 2: Operations and Finance

Summary financial performance

Although the Early Years sector continues to face pressures from delivering the phased roll-out of the Government's expansion of funded hours, the significant increase in staff costs and persistent inflationary challenges, LEYF has had a very successful year, delivering a surplus of £0.8m (FY23/24: £0.4m deficit).

Although LEYF does not aim to make significant surpluses, following several years of deficits or very small surpluses, it was essential that reserves were increased to ensure LEYF's financial sustainability and to generate sufficient cash to fund the ongoing investment in growth.

The surplus of £0.8m was driven by an increase in contribution generated by the nurseries, with a year-on-year increase in occupancy of 51 FTEs, primarily from recently acquired nurseries, combined with the impact of operating nurseries with larger capacity and the reduction in the use of agency staff, and



with central costs being held broadly flat.

This has increased the unrestricted reserves to £2.2m (FY23/24: £1.2m) and total reserves to £3.3m (FY23/24: £2.5m), with cash increasing to £2.7m (FY23/24: £2.5m), despite further investment in new and existing nurseries.

Key financial indicators:

Total income

FY24/25

£37.2m

FY23/24

£32.1m

Capital re-invested in growth

FY24/25

£1.0m

FY23/24

£0.8m

Operating surplus/(deficit):

FY24/25

£0.8m

FY23/24

£(0.4)m

Cash

FY24/25

£2.7m

FY23/24

£2.5m

EBITDA

FY24/25

£2.0m

FY23/24

£0.8m

Gross debt

FY24/25

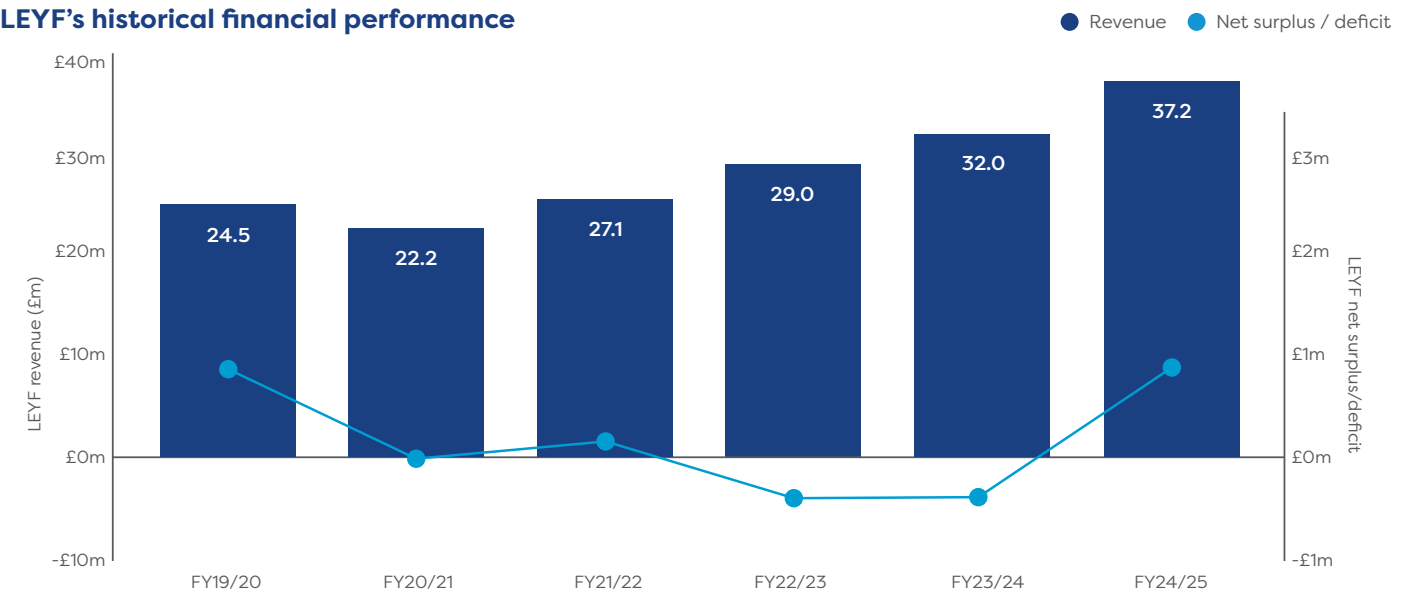
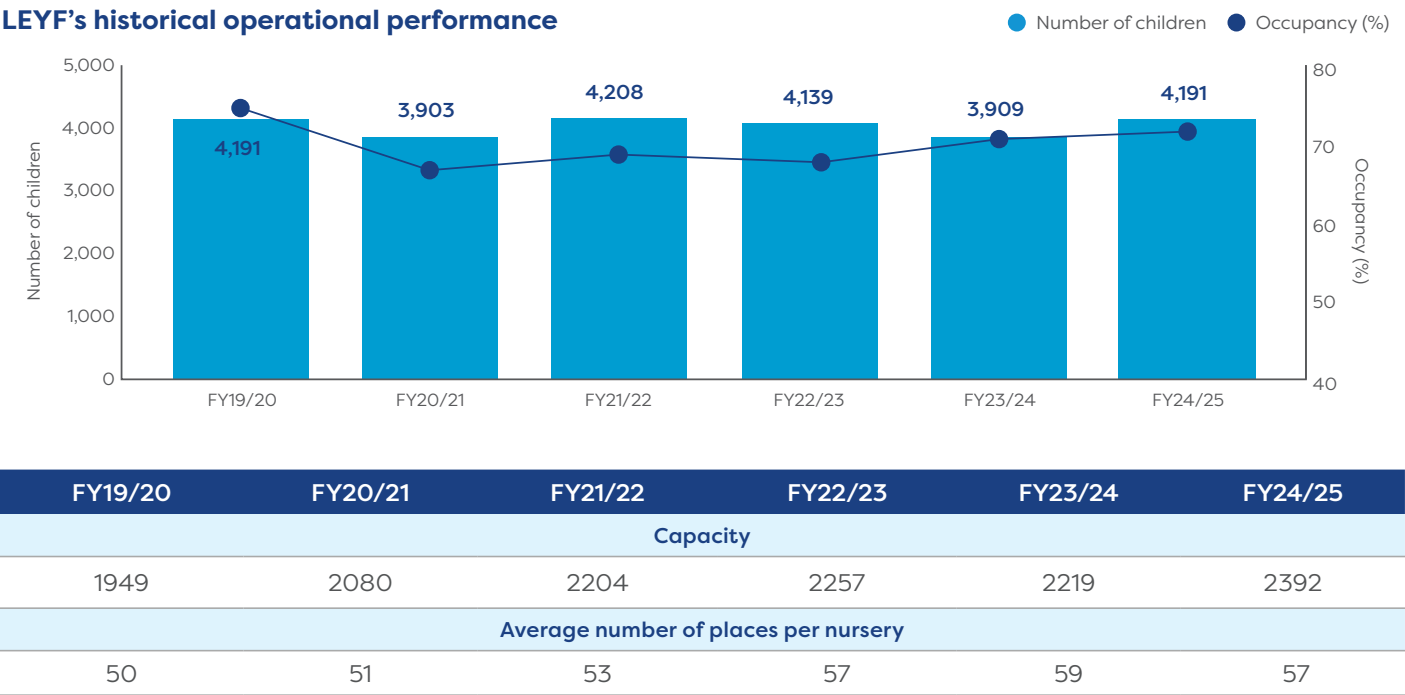
£3.6m

FY23/24

£4.3m

Section 2: Operations and Finance

Historical performance



LEYF's historical social impact performance

	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Dosage (average hours per week attended)	32	32	32	33	35	34
Duration (average number of months attended by leavers)	17	19	17	18	20	20
Quality (% Ofsted 'Outstanding')	60%	56%	52%	47%	46%	47%

Section 2: Operations and Finance

Valuing our staff

LEYF values and celebrates the wonderful diversity of our workforce, which brings positive outcomes and experiences for our staff, for the children attending our nurseries and for the communities in which we operate.

Our staff are key to delivering our ambition of changing the world, one child at a time, and we strive to attract and retain talented people who are motivated to do great things for our children.

Attracting and retaining our talented staff in an extremely competitive market remains a priority for LEYF. We continue to make great strides towards our aspiration that all staff earn the London Living Wage (LLW) and whilst we are not quite there yet, we continue to take steps towards this and currently have over 71% of our eligible staff being paid the LLW and above. We were pleased to see that in our recent engagement survey (online, 2025) the number of staff feeling their pay is

reasonable compared to similar jobs in other organisations increased by 5%.

We continue to review salaries, using robust external benchmarking, to recognise the hard work and commitment

of our staff, while remaining competitive in the sector. We appreciate that our staff turn up ready to give their best each day, but they appreciate our compassionate approach when they are faced with various challenges from their lives outside of work.

One way we have helped is by doubling our benefits this year. We are delighted to be able to signpost both staff and managers to a range of relevant resources to support their financial and emotional wellbeing including financial education and planning, counselling services, mindfulness, as well as a range of guidance and support.



“
Attracting and retaining our talented staff in an extremely competitive market remains a priority



Section 2: Operations and Finance

Diversity and inclusion

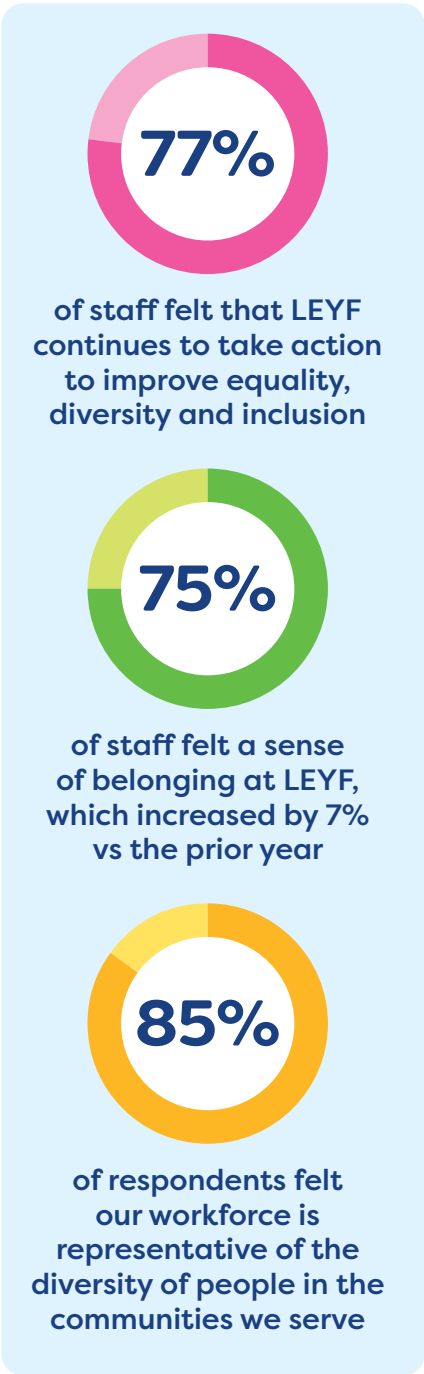
LEYF prides itself on being an organisation where apprentices and staff feel they belong.

Inclusion is not a buzzword but core to how we attract, recruit and develop all our staff. They are encouraged to contribute their views through research questionnaires, staff forums, task and finish groups, and the apprentice voice.

We firmly believe children benefit from learning in a culture of harmonious relationships with role models from diverse backgrounds, which is why we are proud to attract and retain such an interesting workforce. Children want to engage in activities with teachers who are passionate pedagogues and who make the interaction fun and enjoyable – in effect, children select the ‘best person for the job’, and that is effectively what we aim to replicate in our work environment.

“
We firmly believe children benefit from learning in a culture of harmonious relationships with role models from diverse backgrounds, which is why we are proud to attract and retain such an interesting workforce.

We were very pleased to see this feeling reflected in our recent engagement survey results (online, 2025) which showed that:



We have continued to champion and campaign to increase men in childcare because of the positive benefits we see this brings for everyone. The Early Years sector has historically been female-dominated and currently 98% of the sector remains female. We have managed to increase the proportion of men working in the sector because we know having a gender-balanced workforce brings many benefits.

Our total workforce is currently 7% male and 93% female, which has remained constant since the previous year. This year, despite the female weighting across the Early Years sector and not just at LEYF, we are delighted to have progressed further in closing our gender pay gap.



Our Men in Childcare Forum has continued to promote internal networking among our male staff, offering peer support to our male colleagues through termly connections with LEYF team members across nurseries and COT. During these forums, participants were engaged on campaigns, upcoming roles and projects, recruitment strategies to attract more men into Early Years, as well as updates from the sector and current research.

These forums have proven to be particularly effective in enhancing a sense of community and increasing the camaraderie support across the organisation more visibly.

We continue to be proud of the number of men in childcare at LEYF, and for those within our nurseries, they have emphasised the significance of this and the sense of belonging they feel whilst working at LEYF.

The next steps for this forum include reviewing the operational structure to ensure impact is optimised, as well as strengthening links on broader topics such as marketing, recruitment and retention. Research will also continue to be a core pillar for the forum, with

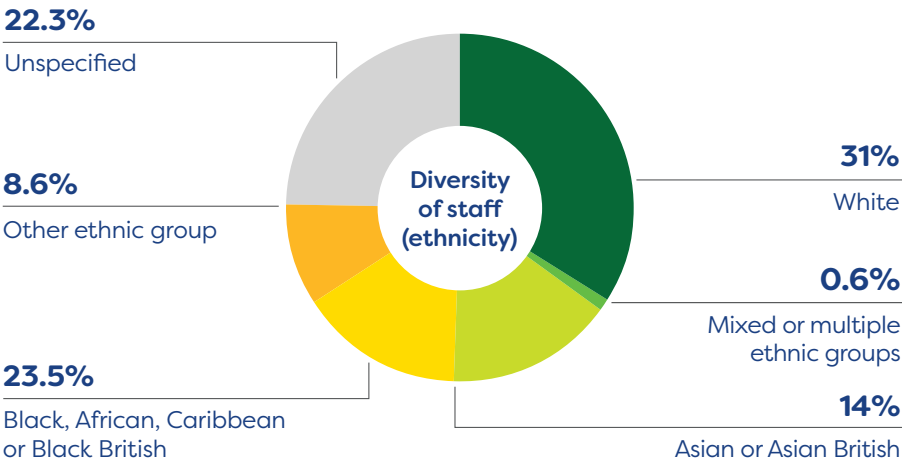
new research activities planned for this year.

To help us achieve our goal of a diverse and inclusive workplace, we have implemented several initiatives including:

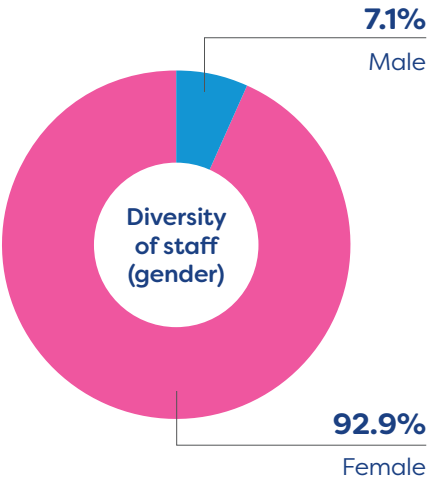
- training our managers to consider unconscious bias when recruiting staff
- engaging positively with a variety of employee representative groups including Men in Childcare, Employee Council and the Voice of Our Apprentices
- funding opportunities for our staff to advance and grow their careers with us by studying for qualifications from apprenticeship to degree level

- implementing tools, processes and training to ensure we attract a diverse candidate pool to all LEYF roles including our Board
- carrying out research that highlights the needs of the children from a range of backgrounds
- harnessing the importance of a multi-generational approach in both our Pedagogy for the children and when thinking about where we advertise, so we attract the most diverse candidate pool we can. This would apply for any candidates joining us as apprentices, staff or joining our Board of Trustees.

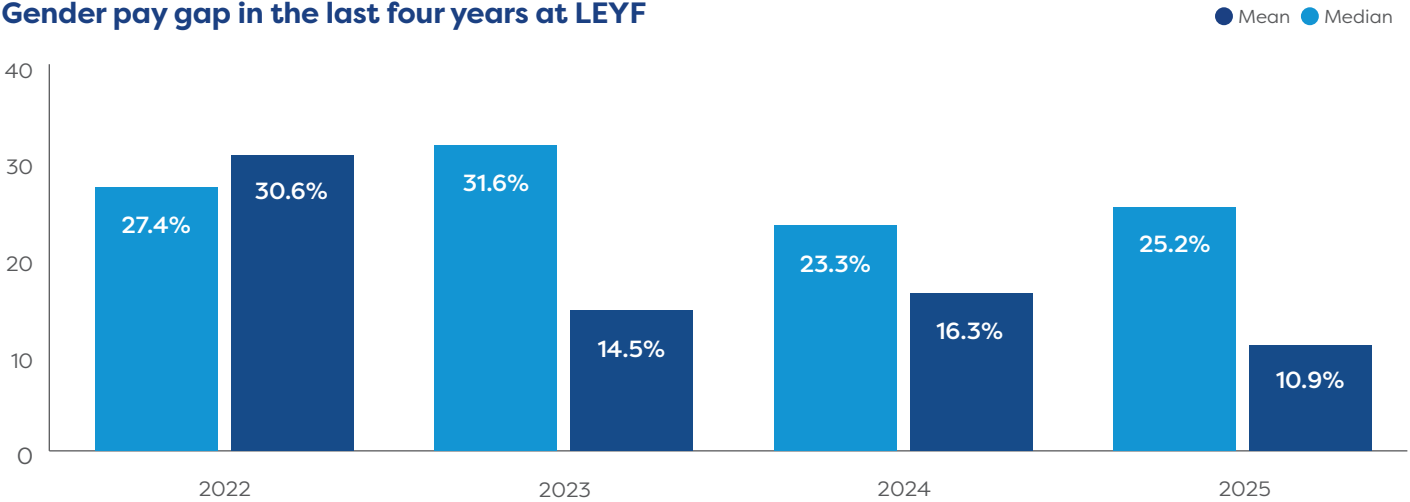
Reported ethnic diversity of staff across LEYF nurseries (FY24/25)



Reported gender diversity of staff across LEYF nurseries (FY24/25)



Gender pay gap in the last four years at LEYF



Section 2: Operations and Finance

Continuing to grow in a challenging environment

Despite the ongoing challenges of increasing staff costs, changing demographics in London and uncertainty relating to the expansion of funded hours, LEYF has continued to adapt and remain a sustainable organisation, whilst maximising social impact, but also has continued to make further progress on its growth ambition.

In August 2024, LEYF acquired Little Angels Nursery, now called Brixton Garden Nursery in Lambeth. The existing LEYF Brixton Nursery staff and children moved over to Brixton Garden shortly after and joined the existing families and staff team.

The original Brixton Nursery did not have any outdoor space, so this was a very welcome change for all, as the impressive garden in Brixton Garden Nursery allows the children to flourish in their outdoor learning environment, which many inner London children often don't get to experience. Outdoor exploration is key to enriching the learning experience.

Brixton Garden Nursery has since been transformed by a refurbishment, giving the tired nursery a new lease of life. The nursery has enhanced its capacity, allowing LEYF to further meet demand for places in the area and provided a fresh, calm nurturing environment for more children in the community.

Also, in August 2024, Harrow Road Nursery moved to the brand-new purpose-built Royal Oak Nursery space in partnership with Westminster City Council. The larger nursery offers more space, including



Laura Henry-Allain reads to the children at Brixton Gardens Nursery and Pre-school

a large garden, for children to learn and thrive in a new environment. The purpose-built kitchen provides healthy and nutritional meals and snacks for the children.

In March 2025, LEYF acquired Early Years Nursery in Newham, now called Greengate Nursery. The very unique building is popular in the community and the nursery was a welcome addition to our Newham cluster. The nursery provides quality education for the children in Newham and has potential to expand its reach further.



The opening of our brand-new Royal Oak Nursery and Pre-school

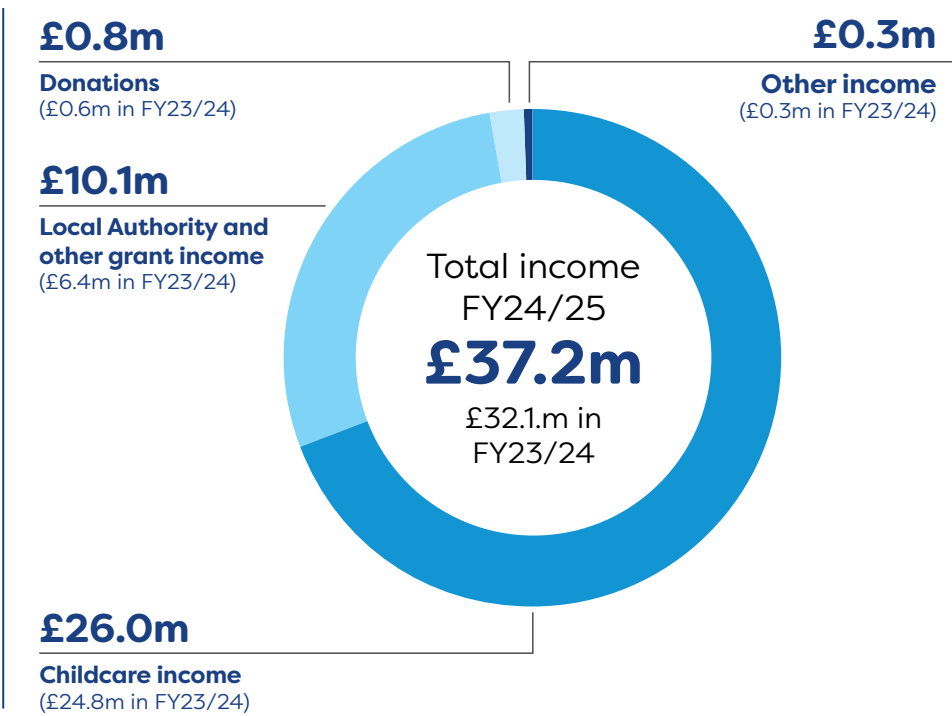
Section 2: Operations and Finance

Income and expenditure

Income

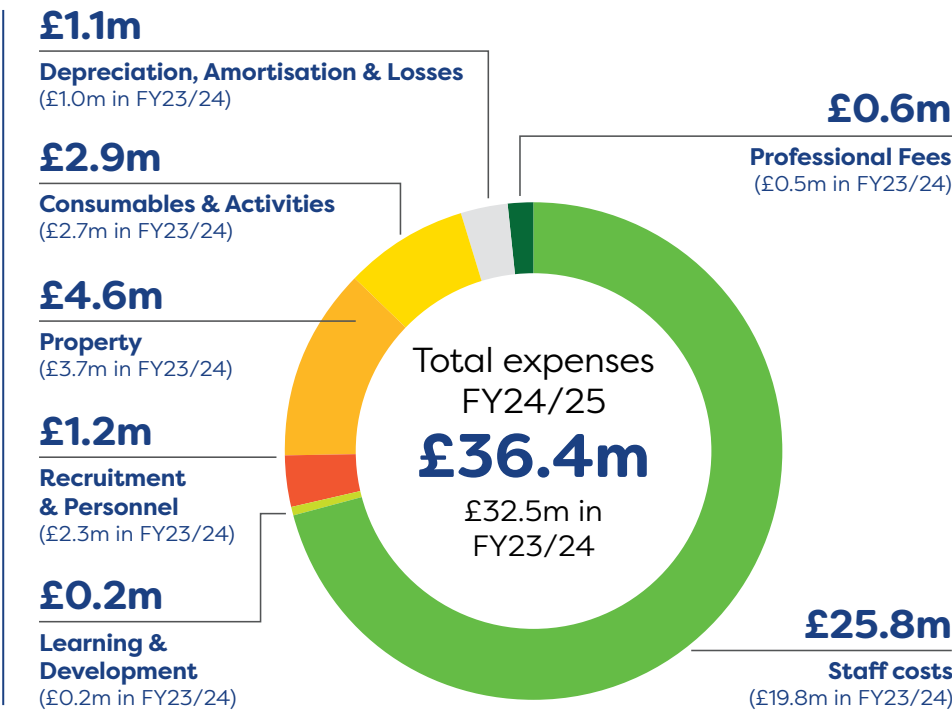
Total income was up £5.1m on the prior year, with parental fees continuing to be the largest source of income, increasing year on year by £1.2m (+5%). However, with the expansion of funded hours, this now represents 70% of total income, down from 77% in FY23/24. Parental fees will continue to fall as a percentage of total income, as the phased roll-out of the Government’s expansion of funded hours continues in FY25/26.

The Local Authority and other grant income has increased by £3.7m (+ 58%), primarily because of this expansion in funded hours, but also through increased occupancy across the nurseries.



Expenditure

Total expenses of £36.4m were £3.9m higher than the prior year, driven primarily by the year-on-year increase in staff costs of £3.5m, partly offset by a £0.9m reduction in agency costs. This increase in staff costs was mainly attributed to the 10% increase in the London Living Wage and 8% increase in the National Minimum wage from 1st April 2024, but also as a result of the increase in number of LEYF staff employed, to support the growth in occupancy.



Section 3

Statement of Accounts

THE LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2025

Administrative information

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 health of children.
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

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2025

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2025. 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

R

Richard Timmins

Treasurer

F

Anthony Perkins

Trustee

F R

Ravi Verma

Trustee

F R

Lauren Georgia Hart

Trustee

F S

Anu Vishwas Sarkar

Trustee

S

James Hicks

Trustee

Soumya Holliday

Trustee

S

David Inness Rae

Trustee

F

Kirsty Ann Reed

Trustee

S

F Finance Committee

R Remuneration and Nominations Committee

S 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
Anu Vishwas Sarkar was appointed on 21 March 2024
Allan Lambert resigned as a Trustee and member of the Social Impact Committee on 23 July 2025
James Hicks was appointed on 23rd September 2025

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The London Early Years Foundation | Annual Report 2024/25 and Statement of Accounts

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2025



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.

Conflict 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 28 to 53 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 five 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, H&S, marketing, fundraising, Human Resources 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 six times; the SIC and RemNom both met three 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 H&S statutory requirements.

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the Strategic Report

For the year ended 31 March 2025

RemNom advises the Board of Trustees about governance issues including Board effectiveness, Trustee recruitment, executive-level compensation and 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 has three elements: an interview with the CEO and a member of the Executive Management Team (EMT); an interview with the Chair; and an interview with two delegated Trustees, which is managed through the RemNom. 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 6 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 31 March 2025 was 10 (2024: 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, planned expenditure and spending limits. Reserves in this context would not include endowment funds, restricted funds or designated funds.

In FY24/25, 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 FY24/25 and continues to be considered appropriate.

The surplus for the year was £0.8m. The total amount of reserves as at the reporting date shows restricted funds of £1.1m and unrestricted general fund reserves as £2.2m. Overall total charity funds are £3.3m.

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 £2.1m. 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 cash reserve on an ongoing basis and the unrestricted funds matched as at year-end the level required as at 31st March 2025.

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.

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the Strategic Report

For the year ended 31 March 2025

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 has undertaken a review of the company-wide remuneration policy taking into consideration the National Living Wage requirements. The salaries of all positions were reviewed against industry norms and adjusted where required.

Remuneration of Executive Management Team (EMT) (excluding the CEO) is recommended by the CEO and approved by RemNom, delegated from the Board of Trustees. Remuneration of the CEO is recommended by RemNom and approved by the Board. The committee carefully consider multiple charity and private sector benchmarks before making decisions.

Related parties and relationships with other organisations

Donations received from Trustees during the year were nil (2024: £16,600). During the year LEYF received Gifts in Kind with an estimated value of £43,240 (2024: £62,000) 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 £54,905 (2024: £54,803). This amount includes payments of £51,405 (2024: £39,059) that were made to family members of the Chief Executive Officer and a key member of staff under current standard employment and supplier terms. In addition £3,500 (2024: £3,345) 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, will be assessed objectively against the skills, experiences and values requirements for the job. We are committed to implementing any reasonable adjustments where candidates may request support for reasons such as disability or neurodiversity.

LEYF holds regular forums and strategy meetings to share and inform, discuss for input and feedback, listen and engage, as well as update on a range of topics including staff organisational strategy, external matters staff, the planning of 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, and we are proud to have doubled the benefits offering this year for our staff.

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 anticipated impact of the continued 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.

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the Strategic Report

For the year ended 31 March 2025

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 a 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.

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.

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 staff shortages across the sector. High staff turnover with unmatched levels of recruitment resulting in increased reliance on bank staff and agency staff. This could continue to impact occupancy levels, operational costs, quality of delivery and staff 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 staff for all nurseries and the Central Office with a strong programme of support to retain staff.

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the Strategic Report

For the year ended 31 March 2025

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 mitigation activity 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 four providers: Bonds issued through Triodos Bank UK Limited (The Registrar), CBILS, Trust for London Trustee and the Postcode Innovation Trust.

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 £2.2m (2024: £1.6m).

THE LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2025

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;
- that 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

11 December 2025

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

Opinion

We have audited the financial statements of London Early Years Foundation (the 'charitable company') for the year ended 31 March 2025 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 2025 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.

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

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 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.

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

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 LLP, Statutory Auditor

130 Wood Street
London
EC2V 6DL

Date: 12 December 2025

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

				2025			2024
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Income from:							
Donations	2	584 852	210 719	795 571	383 405	237 596	621 001
Charitable activities							
Childcare Income	3	35 588 701	493 019	36 081 720	30 498 980	608 699	31 107 679
Training Income	3	87 976	-	87 976	89 108	-	89 108
Interest Income		54 791	-	54 791	53 290	-	53 290
Other		62 777	75 776	138 553	155 621	53 782	209 403
Total income		36 379 097	779 514	37 158 611	31 180 404	900 077	32 080 481
Expenditure on:							
Charitable activities							
Childcare Expenditure	4	34 969 894	945 283	35 915 177	30 964 854	942 456	31 907 310
Training Expenditure	4	461 726	655	462 381	552 585	4 136	556 721
Total expenditure		35 431 620	945 938	36 377 558	31 517 439	946 592	32 464 031
Net surplus/(deficit) for the year		947 477	(166 424)	781 053	(337 035)	(46 515)	(383 550)
Net movement in funds		947 477	(166 424)	781 053	(337 035)	(46 515)	(383 550)
Reconciliation of funds:							
Total funds brought forward	18	1 226 937	1 273 667	2 500 604	1 563 972	1 320 182	2 884 154
Total funds carried forward		2 174 414	1 107 243	3 281 657	1 226 937	1 273 667	2 500 604

All of the charity's activities derived from continuing operations during the above two financial years.
The charity has no recognised gains or losses other than those shown above.

THE LONDON EARLY YEARS FOUNDATION

Balance sheet

For the year ended 31 March 2025

		2025		2024	
	Note	£	£	£	£
Fixed assets:					
Intangible assets	10		1 484 151		1 261 752
Tangible assets	11		6 760 676		6 216 066
			<u>8 244 827</u>		<u>7 477 818</u>
Current assets:					
Debtors	12	1 656 696		1 215 359	
Cash at bank and in hand	20	2 707 817		2 524 172	
		<u>4 364 513</u>		<u>3 739 531</u>	
Liabilities:					
Creditors: amounts falling due within one year	13	(6 502 589)		(5 168 154)	
Net current (liabilities)/assets			<u>(2 138 076)</u>		<u>(1 428 623)</u>
Total assets less current liabilities			<u>6 106 751</u>		<u>6 049 195</u>
Creditors: amounts falling due after one year	16		(2 825 094)		(3 548 591)
Total net assets			<u>3 281 657</u>		<u>2 500 604</u>
The funds of the charity:					
Restricted income funds	18		1 107 243		1 273 667
Unrestricted income funds:					
General funds			2 174 414		1 226 937
Total charity funds			<u>3 281 657</u>		<u>2 500 604</u>

The financial statements on pages 28 to 53 were approved by the Board and authorised for issue on 11th December 2025 and signed on its behalf by:



Michael Garstka
Chair

11th December 2025

Company number: 02228978

THE LONDON EARLY YEARS FOUNDATION

Statement of Cash Flows

For the year ended 31 March 2025

			2025	2024
	Note	£	£	£
Cash flows from operating activities	19		2 982 334	494 207
Cash flows from investing activities:				
Purchase of intangible assets		(477 018)	(29 531)	
Purchase of tangible assets		(1 394 276)	(1 308 266)	
Investment in subsidiary		-	25 276	
Net cash used in investing activities			(1 871 294)	(1 312 521)
Cash flows from financing activities:				
Proceeds from borrowing		-	322 000	
Repayments of borrowing		(714 475)	(614 916)	
Interest paid		(212 920)	(200 969)	
Net cash used in/ provided by financing activities			(927 395)	(493 885)
Change in cash and cash equivalents			183 645	(1 312 199)
Cash and cash equivalents at the beginning of the year			2 524 172	3 836 371
Cash and cash equivalents at the end	20		2 707 817	2 524 172

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

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. During the year the initial changes have been implemented, along with increased funding rates from local authorities. This has had a positive impact on cash flow and performance during the year. The final stage of the expansion is due in September 2025, again a positive impact on performance and cashflow is expected as a result of these policy changes.

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.

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.

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

1 Accounting policies (continued)

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	79%
Training	1%
Support costs	19%
Governance costs	1%
	<hr/>
	100%
	<hr/>

Support and governance costs have been 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 2025

1 Accounting policies (continued)

l) Termination benefits

Settlement and redundancy costs 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) Rental charges

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 costs 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 has 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 costs 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 costs are amortised over 5 years.

Development costs 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.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to LEYF for its own use, it is treated in a similar way to restricted grant.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Property	Leasehold property and improvements to leasehold property	50 years for Head Office. Other leases over the length of the lease.
	Building Improvement	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

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

1 Accounting policies (continued)

p) Investments

Investments in equity shares which are not publicly traded are measured at fair value, if fair value cannot be reliably determined the investment will be valued at cost less impairment. Gains or losses on revaluation are taken to the statement of financial activities.

q) 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.

r) Cash at bank and in hand

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

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 and Postcode Innovation Trust. 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.

v) Pensions

LEYF operates a defined contribution pension scheme which is managed and valued by the pension operator, Royal London through an intermediary Chartered Wealth management. These costs are expensed through the SOFA and outstanding contributions are included in creditors.

2 Donations

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Donations	324 242	210 719	534 961	368 713
Gifts in Kind	260 610	-	260 610	252 288
	<u>584 852</u>	<u>210 719</u>	<u>795 571</u>	<u>621 001</u>

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.

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

3 Charitable activities

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Income from charitable activities				
Childcare fees	25 712 836	-	25 712 836	24 751 807
Local Authority grants	9 873 907	267 121	10 141 028	5 944 152
Other grant income	1 958	225 898	227 856	411 720
Sub-total for Childcare income	35 588 701	493 019	36 081 720	31 107 679
Training Income	87 976	-	87 976	89 108
Sub-total for Other income	87 976	-	87 976	89 108
Total income from charitable activities	35 676 677	493 019	36 169 696	31 196 787

Local Authority grants totalling £9,620,596 (2024: £5,671,578) received relates to funded hours for children from 9 months to 4 years old.

Restricted income from charitable activities in the prior year was £608,699.

4 Expenditure

	Charitable activities					2025 Total £	2024 Total £
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £		
Staff costs (Note 6)	19 980 191	324 640	-	4 810 690	686 315	25 801 836	22 097 060
Learning & Development	32 802	137 086	-	62 294	655	232 837	191 180
Recruitment and Personnel	880 911	-	-	299 296	-	1 180 207	2 272 975
Property	4 550 960	-	-	67 333	-	4 618 293	3 683 501
Consumables and Activities	1 278 875	-	-	1 462 441	141 999	2 883 315	2 747 207
Depreciation Amortisation & Losses	810 523	-	-	200 115	93 319	1 103 957	961 609
Audit and Other Professional Fees	-	-	469 333	64 130	23 650	557 113	510 499
	27 534 262	461 726	469 333	6 966 299	945 938	36 377 558	32 464 031
Support costs	6 966 299	-	-	(6 966 299)	-	-	-
Governance costs	469 333	-	(469 333)	-	-	-	-
Total expenditure 2025	34 969 894	461 726	-	-	945 938	36 377 558	-
Total expenditure 2024	30 964 854	552 585	-	-	946 592	-	32 464 031

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

5 Net expenditure for the year

This is stated after charging:

	2025 Total £	2024 Total £
Depreciation	790 299	721 579
Amortisation	254 620	221 712
Loss on disposal of fixed assets	59 367	12 262
Loss on investments	-	6 054
Interest payable	204 217	255 010
Operating lease rentals:		
Property	1 853 999	1 310 671
Equipment hire	37 574	34 376
Auditor's remuneration (excluding VAT):		
Current Year Audit	52 850	50 850
Other costs (financial and taxation advice)	710	2 311

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

Staff costs were as follows:

	2025 Total £	2024 Total £
Salaries and wages	22 124 713	19 185 143
Social security costs	2 003 087	1 548 837
Employer's contribution to defined contribution pension schemes	1 379 630	1 172 081
Apprentice levy	294 407	190 999
	25 801 837	22 097 060

During the year redundancy and settlement costs were £142,548 (2024: £11,150), of which £24,000 relate to ex gratia payments (2024: £11,150).

Agency Costs for the year were: **898 125** 1 891 547

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

	2025 No.	2024 (Restated) No.
£60 001 - £70 000	8	6
£70 001 - £80 000	2	1
£80 001 - £90 000	2	2
£90 001 - £100 000	-	-
£100 001 - £110 000	-	-
£110 001 - £120 000	1	1
£120 001 - £130 000	1	-
£130 001 - £140 000	1	2
£140 001 - £150 000	1	-
£150 001 - £160 000	2	1

The total employee benefits including pension and national insurance contributions of the key management personnel were £785,816 (2024: £727,456).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2024: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2024: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2024: £Nil).

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

7 Staff numbers

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

	2025 No.	2024 No.
Childcare	852	779
Training	14	13
Support	75	76
	941	868

In March 2025, the number of staff employed on an FTE basis were 724 (2024: 641).

8 Related party transactions

Donations received from Trustees during the year were nil (2024: £16,600). During the year LEYF received Gifts in Kind with an estimated value of £43,240 (2024: £62,000) 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 £54,905 (2024: £54,803). This amount includes payments of £51,405 (2024: £39,059) that were made to both the Chief Executive Office and a key member of staff, which were made under standard employment and supplier terms. In addition £3,500 (2024: £3,345) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief Executive Officer.

As at 31 March 2025 a total amount of £Nil (2024: £1,942) was payable to related parties and have been included in trade creditors.

9 Taxation

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

10 Intangible fixed assets

	Software* £	Goodwill Acquired Nurseries £	Total £
Cost or valuation			
At the start of the year	689 058	1 116 104	1 805 162
Additions in year	2 019	475 000	477 019
Transfers in the year	-	-	-
Disposals in the year	-	-	-
At the end of the year	691 077	1 591 104	2 282 181
Amortisation			
At the start of the year	340 008	203 402	543 410
Charge for the year	124 176	130 444	254 620
Transfers in the year	-	-	-
Disposals in the year	-	-	-
At the end of the year	464 184	333 846	798 030
Net book value			
At the end of the year	226 893	1 257 258	1 484 151
At the start of the year	349 050	912 702	1 261 752

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.

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Notes to the Financial Statements

For the year ended 31 March 2025

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	5 311 064	2 804 544	1 001 935	877 397	9 994 940
Additions in year	1 054 045	17 141	100 355	222 735	1 394 276
Disposals	(191 102)	(3 624)	(81 359)	(2 663)	(278 748)
At the end of the year	6 174 007	2 818 061	1 020 931	1 097 469	11 110 468
Depreciation					
At the start of the year	1 703 882	1 002 475	618 033	454 484	3 778 874
Charge for the year	507 759	59 781	123 023	99 736	790 299
Disposals	(133 066)	(3 624)	(80 028)	(2 663)	(219 381)
At the end of the year	2 078 575	1 058 632	661 028	551 557	4 349 792
Net book value					
At the end of the year	4 095 432	1 759 429	359 903	545 912	6 760 676
At the start of the year	3 607 182	1 802 069	383 902	422 913	6 216 066

All of the above assets are used for charitable purposes.

12 Debtors

	2025 £	2024 £
Trade debtors	701 189	363 715
Other debtors	96 148	101 300
Prepayments	730 607	683 572
Accrued income	128 752	66 772
	1 656 696	1 215 359

13 Creditors: amounts falling due within one year

	2025 £	2024 £
Loans	796 449	796 130
Trade creditors	871 161	861 889
Taxation and social security	437 101	379 507
Other creditors	1 602 464	1 379 695
Accruals	1 213 500	886 996
Deferred income (Note 14)	1 581 914	863 937
	6 502 589	5 168 154

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Notes to the Financial Statements

For the year ended 31 March 2025

14 Deferred income

Deferred income in the year ended March 2025 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2025.

	2025	2024
	£	£
Balance at the beginning of the year	863 937	1 032 598
Amount released to income in the year	(863 937)	(1 032 598)
Amount deferred in the year	1 581 914	863 937
Balance at the end of the year	1 581 914	863 937

15 Creditors: amounts falling due after one year

	2025	2024
	£	£
Loans	2 825 094	3 548 591
	2025	2024
	£	£
Less than one year	796,449	796,130
Between two to five years	2,378,469	973,836
Over five years	446,625	2,574,755
Total due	3,621,543	4,344,721

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 2025 is £905,521 (2024: £1,509,141) which includes interest of £5,521 (2024: £9,141).

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 2025 the balance owing is £1,558,045 (2024: £1,559,281), which includes interest of £59,045 (2024: £59,281). 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 2025 the balance owing is £93,337 (2024: £110,359), which includes interest of £nil (2024: £275). This loan is unsecured.

On 31 March 2023, LEYF received an £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 2025, the balance owing is £1,064,640 (2024: £1,165,940). The total interest capitalised was £39,369 (2024: £43,940). This loan is unsecured.

16 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2024: 7%) for all eligible staff. Outstanding contributions awaiting payment at 31 March 2025, included in other creditors, were £173,218 (2024: £141,870). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

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For the year ended 31 March 2025

17 Analysis of net assets between funds

	General Unrestricted £	Restricted £	2025 Total Funds £
Fixed assets	7 523 655	721 172	8 244 827
Net current assets	(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
	General Unrestricted £	Restricted £	2024 Total Funds £
Fixed assets	6 688 543	789 275	7 477 818
Investments	-	-	-
Net current liabilities	(1 913 015)	484 392	(1 428 623)
Long-term liabilities	(3 548 591)	-	(3 548 591)
Net assets at the end of the year	1 226 937	1 273 667	2 500 604

18 Movements in funds

2024/25	At the start of the year £	Incoming resources £	Outgoing resources £	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 Funding	12 516	-	-	12 516
Food Banks	1 867	26 338	(2 667)	25 538
Chef Academy Funding	86 225	-	(85 319)	906
SEND Funding	-	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
2023/24	At the start of the year £	Incoming resources £	Outgoing resources £	At the end of the year £
Restricted funds:				
Marsham Street Renovations	767 268	-	(52 942)	714 326
Carlton Hill Refurbishment	81 686	-	(12 104)	69 582
Funding for vulnerable children	27 518	206 959	(234 477)	-
Colville Crisis Fund	12 516	-	-	12 516
Food Banks	4 993	100	(3 226)	1 867
Chef Academy Funding	89 591	101 266	(104 632)	86 225
SEND Funding	-	244 824	(244 824)	-
LEYF Training Academy Funding	189 403	260 354	(221 090)	228 667
Strategic Growth Funding	125 000	-	-	125 000
Other Funds	22 207	86 574	(73 297)	35 484
Total restricted funds	1 320 182	900 077	(946 592)	1 273 667
Total unrestricted funds - general funds	1 563 972	31 180 404	(31 517 439)	1 226 937
Total funds	2 884 154	32 080 481	(32 464 031)	2 500 604

THE LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2025

18 Movements in funds (continued)

Purposes of restricted funds

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 clubs 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.

SEND Funding received to support the provision of children with additional Special Education Needs and Disabilities.

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

	2025	2024
	£	£
Net surplus/(deficit) income for the reporting period (as per the statement of financial activities)	781 053	(383 550)
Depreciation and amortisation charges	1 044 918	943 292
Loss on disposal of tangible fixed assets	59 367	12 262
Investment losses	-	6 054
Interest payable	204 217	255 010
(Increase) in debtors	(441 337)	(185 626)
Increase/(decrease) in creditors	1 334 116	(153 235)
Net cash provided by operating activities	2 982 334	494 207

20 Analysis of cash

	At 1 April 2024	Cash flows	At 31 March 2025
	£	£	£
Cash at bank and in hand	2 524 172	183 645	2 707 817
Total cash and cash equivalents	2 524 172	183 645	2 707 817

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Notes to the Financial Statements

For the year ended 31 March 2025

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:

	£	£	2025 £	2024 £
	Property	Other	Total	Total
Less than one year	1 597 287	30 024	1 627 311	1 523 058
One to five years	5 740 635	30 121	5 770 756	4 941 017
Over five years	7 330 585	-	7 330 585	6 986 659
	<u>14 668 507</u>	<u>60 145</u>	<u>14 728 652</u>	<u>13 450 734</u>

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 2025, there were no outstanding capital commitments (2024: £Nil).

24 Net debt reconciliation

	At 1 April 2024 £	Cash flows £	Other non-cash changes £	At 31 March 2025 £
Cash at bank and in hand	2 524 172	183 645	-	2 707 817
Debt due within one year	(796 130)	923 930	(924 249)	(796 449)
Debt due after one year	(3 548 591)	1 000	722 497	(2 825 094)
Total cash and cash equivalents	<u>(1 820 549)</u>	<u>1 108 575</u>	<u>(201 752)</u>	<u>(913 726)</u>

25 Subsequent events

On 18 August 2025, LEYF acquired three nurseries from the London Borough of Hillingdon.

On 31 August 2025 LEYF received a loan of £400,000 from Esme Fairbairn Foundation.



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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