

From Spreadsheets to Software:

The Finance Leader's Guide to Modern Lease Accounting

The stakes are high and only getting higher.

IFRS 16 / AASB 16 changed the game for lease accounting. Under the standard, virtually all leases must be recognised on balance sheet and the calculations involved are complex, ongoing, and audit sensitive.

Yet studies show that **over 60% of finance teams** still rely on spreadsheets as their primary lease accounting tool. For small portfolios, this is manageable. For anything larger, it is a risk that compounds over time.

This guide is for CFOs, financial controllers, and finance managers who want to understand those risks and what a better approach looks like.

1. The Reality of Managing Leases in Spreadsheets

Most finance teams did not set out to build a lease management system in Excel. It happened gradually. What often started as one workbook for the properties, one for vehicles, another for equipment eventually became stitched together with shared folders and email chains.

Over time, this creates a fragmented landscape:

- Excel workbooks, often maintained by different people,
- Shared folders (SharePoint, OneDrive) with unclear version control,
- Manual tracking via email and calendar reminders,
- Processes that depend heavily on one or two key individuals

This isn't just inefficient. As lease portfolios grow and compliance requirements tighten, it becomes a genuine liability.

2. The Hidden Risks of Manual Lease Management

The risks of spreadsheet-based lease accounting are often invisible until something goes wrong. Here are the six most common failure points.

Error Risk & Data Integrity

A 2008 study by KPMG found that 91% of spreadsheets of moderate complexity contained errors. For lease accounting, even a single broken formula or incorrect input can cascade into material misstatements on financial statements.

- Manual data entry introduces transcription errors,
- Complex IFRS 16 formulas are difficult to audit and easy to break,
- Errors may not surface until year-end or during an audit

Compliance Challenges (IFRS 16 / AASB 16)

The standard requires consistent, reproducible calculations across the life of every lease. Spreadsheets make this difficult to guarantee:

- Discount rate updates must be applied consistently across all leases,
- Lease modifications, extensions, and reassessments require precise recalculation,
- Without a controlled system, demonstrating compliance to auditors is time-consuming and risky

Version Control & Audit Limitations

When multiple people maintain spreadsheets, version conflicts are inevitable. Finance teams frequently face:

- Multiple “final” versions of the same workbook
- No clear record of who changed what, and when
- Audit trails that are incomplete, manual, or simply absent

Lack of Visibility

Without a centralised system, getting a clear picture of your lease portfolio requires assembling data from multiple sources. This means:

- Reporting is delayed and resource-intensive,
- Leadership makes decisions based on stale or incomplete data,
- Critical dates, such as lease renewals, break clauses, rent reviews are easy to miss

Operational Inefficiency

Manual processes are expensive in time. Finance teams using spreadsheets typically spend 3–5 days per month on lease accounting close activities that could be automated. Across a year, that is the equivalent of weeks of productive capacity lost to data entry and reconciliation. This doesn't take into consideration the frustration levels involved with having to fix a broken spreadsheet.

Disconnected Teams

Lease data rarely sits with one team. Finance, property, operations, and legal all have a stake. When systems aren't shared:

- Data becomes inconsistent across departments,
- Decisions are made on different versions of the truth,
- Opportunities to optimise the lease portfolio are missed entirely

3. The Real Cost of Doing Nothing

Staying with spreadsheets isn't free. The costs are real — they're just spread across time, people, and risk exposure.

Cost Driver	What It Looks Like	The Hidden Impact
Finance team time	3–5 days/month on manual closes	×12 months × avg. salary = significant hidden cost
Audit remediation	Restatements cost \$500K–\$2M+	Plus reputational damage
IFRS 16 penalties	Regulator fines for non-compliance	Risk increases with portfolio size
Staff burnout	High turnover in manual-heavy roles and loss of operational knowledge	Recruitment & training costs mount

A useful exercise:

Count the hours your team spends each month on lease-related data entry, reconciliation, and reporting. Multiply by your average hourly cost. That number — every single month — is your current cost of staying on spreadsheets. It doesn't include the cost of a compliance failure.

4. Spreadsheets vs. Software: A Direct Comparison

Here is how the two approaches compare across the dimensions that matter most to finance teams:

Category	Spreadsheets	Lease Accounting Software
Scalability	X Breaks down as portfolio grows	✓ Scales with your portfolio
Team Collaboration	X Siloed — email and shared folders	✓ Centralised, cross-team access
Data Security	X Uncontrolled file sharing	✓ Role-based access and permissions
Time to Report	X Days of manual reconciliation	✓ Hours — or less

5. What Better Looks Like

Modern finance teams are moving toward purpose-built lease accounting systems. The shift is less about technology and more about control, confidence, and capacity.

A fit-for-purpose lease accounting system gives you:

Automated Calculations

Discount rate changes, lease modifications, and reassessments are handled by the system — not manually. Accuracy improves. Month-end close accelerates.

A Single Source of Truth

All lease data lives in one place, accessible to all relevant teams. No more reconciling competing spreadsheets.

Built-In Compliance

IFRS 16 / AASB 16 reporting is structured into the system. Audit-ready outputs are generated automatically, not assembled manually.

Real-Time Visibility

Live dashboards show lease exposure, upcoming key dates, and portfolio-wide metrics. Leadership can make decisions on current data.

Full Audit Trail

Every change is logged, timestamped, and attributable. Auditors get what they need in minutes, not days.

Scalability

Whether your portfolio is 20 leases or 2,000, the system scales with you. Complexity doesn't require more headcount.

6. Common Objections Addressed Honestly

“Our portfolio isn’t big enough to justify software.”

If you have more than 10–15 leases under IFRS 16, the compliance burden of spreadsheets already outweighs the perceived simplicity. Most teams find that the time savings alone justify the switch well before that threshold.

“We’ve invested a lot in our current spreadsheets.”

That investment is real — and it’s also a sunk cost. The question is not what you’ve spent building your spreadsheets; it’s what you’re spending every month maintaining them, and what you’re risking every reporting cycle.

“Our data is too messy to migrate.”

Data quality is a concern for almost every team making this transition. A structured migration process — with data cleaning, validation, and parallel running — is standard practice. The right implementation partner will guide you through it step by step.

“Implementation will be too disruptive.”

A phased approach, where you run the new system in parallel with existing processes before cutting over, dramatically reduces disruption. Most teams are fully operational within a few weeks.

7. Transitioning from Spreadsheets to Software

A well-managed transition is less complex than most teams expect. Here is a proven six-step approach:

Step 1: Understand Your Current State

Audit where lease data lives today. Map the processes that rely on manual effort. Identify the gaps in your current approach.

Step 2: Define What Good Looks Like

Clarify your reporting requirements, compliance obligations, and what visibility leadership actually needs from the system.

Step 3: Clean and Structure Your Data

Before migration, remove duplicates, standardise formats, and resolve missing information. Good data in means good data out.

Step 4: Choose the Right Partner

Look for proven IFRS 16 compliance capabilities, a structured onboarding process, ease of use, and ongoing support — not just software features.

Step 5: Implement Gradually

A phased rollout lets you run parallel processes initially, validate outputs against your existing reports, and build team confidence before full cut-over.

Step 6: Enable Your Team

Training and workflow alignment are as important as the technology. Adoption is what turns capability into value.

8. Lease Accounting Transition Checklist

Use this checklist to guide your team through the transition process.

Discovery & Assessment

- ☐ Identify all lease data sources (spreadsheets, systems, shared folders)
- ☐ Map current lease processes and workflows
- ☐ Assess data quality — accuracy, completeness, and consistency
- ☐ Identify key individuals and single points of failure

Requirements & Planning

- ☐ Define IFRS 16 / AASB 16 reporting requirements
- ☐ Identify key stakeholders across finance, property, and operations
- ☐ Confirm required reporting outputs and deadlines
- ☐ Set success criteria for the new system

Data Preparation

- ☐ Clean and validate lease data
- ☐ Standardise formats and data structures
- ☐ Identify and resolve gaps or inconsistencies
- ☐ Document lease terms, key dates, and modification history

Software Selection

- ☐ Evaluate lease accounting software options
- ☐ Assess automation, compliance, and reporting capabilities
- ☐ Review implementation approach and onboarding support
- ☐ Confirm integration with existing ERP / finance systems

Implementation

- ☐ Develop a phased rollout plan with clear milestones
- ☐ Migrate lease data into the new system
- ☐ Run parallel processes and validate outputs against existing reports
- ☐ Conduct UAT with key users before full cut-over

Adoption & Optimisation

- ☐ Train users across all relevant teams
- ☐ Establish new workflows, controls, and sign-off processes
- ☐ Monitor performance and refine processes over the first quarter
- ☐ Review and retire legacy spreadsheets once confidence is established

9. How Nomos One Supports the Transition

Transitioning to software is as much about implementation as it is about the tool itself. Nomos One is designed to support both.

Purpose-built for IFRS 16 / AASB 16

Nomos One is not a generic platform adapted for leases. It was built specifically for lease accounting compliance, with structured reporting, automated calculations, and audit-ready outputs as core capabilities — not add-ons.

Structured onboarding that de-risks migration

Lease data is reviewed, cleaned, and validated as part of the onboarding process. Your team is not left to figure it out alone.

A phased implementation approach

Nomos One's implementation methodology is designed to minimise disruption. Most teams run parallel processes for a period before full cut-over, building confidence at every step.

User-friendly by design

A system only delivers value if people use it. Nomos One's interface is designed for finance teams, not IT specialists reducing training time and accelerating adoption.

Ongoing support and expertise

The relationship doesn't end at go-live. Nomos One provides ongoing training, support, and access to lease accounting expertise as your portfolio evolves.

Key Takeaway

Spreadsheets may feel familiar and safe, but they don't scale.

As lease portfolios grow, the risks compound: errors, compliance gaps, audit exposure, and time lost to manual processes. The cost of staying on spreadsheets is real, even when it's invisible.

Transitioning to dedicated lease accounting software gives finance teams the accuracy, visibility, and compliance confidence they need to operate at the standard IFRS 16 demands and the ability to focus on higher-value work.

The question is not whether to make the switch. It's how soon.

Ready to see what the switch looks like for your team?

Book a demo with Nomos One — and we'll show you, with your own lease data.