



HOUSE OF
CONTROL

Get year-end IFRS 16 closing right

Lease accounting made simple

Table of Contents

01.

Why IFRS 16 is a critical year-end challenge

02.

Audit expectations: Completeness, judgment, and documentation

03.

A short guide: Preparing before your auditor does

04.

Streamline audits with quality data and documentation

05.

Avoid IFRS 16 errors that delay close

06.

Save time and stay compliant with automation

07.

Guiding your team toward automation

08.

Compliance is continuous – not a year-end sprint

09.

Your checklist for a smooth IFRS 16 year-end close

10.

Turning year-end challenges into confidence





HOUSE OF CONTROL



Master your year-end close with clarity and control. Learn how to avoid IFRS 16 pitfalls, streamline audits, and use automation to save time, ensure accuracy, and stay continuously compliant.

As year-end approaches, finance teams everywhere brace for the intensity of closing and audits. For many, IFRS 16 lease accounting remains one of the biggest sources of stress: a complex process of spreadsheets, manual calculations, and tight deadlines. But it doesn't have to be.

This guide walks you through how to prepare for a smooth year-end close. You'll find practical advice on managing audits, avoiding errors, and streamlining your IFRS 16 processes with automation and structure. The goal is simple: turn lease accounting from a source of anxiety into a source of confidence and control.



Why IFRS 16 is a critical year-end challenge

When IFRS 16 came into force in 2019, it transformed lease accounting. Almost all leases now appear on the balance sheet as right-of-use (ROU) assets and lease liabilities, fundamentally reshaping the financial statements.

This isn't just a technical shift. It changes how companies report, how performance is measured, and how auditors assess financial health.

Pål Joakim Ilebekk Havneraas, CFO of House of Control and former auditor at EY, explains it best:

"IFRS 16 changes how financial performance is measured and communicated. It's not just compliance; it affects EBITDA, the balance sheet, and your debt covenants."

EBITDA typically increases, since lease expenses are replaced by depreciation and interest. The cost profile front-loads, with higher expenses early in a lease term. And balance-sheet strength is redefined, as both assets and liabilities increase. This often affects bank agreements and key financial ratios.

From an audit perspective, this complexity demands exceptional accuracy and transparency. Getting the close right means understanding both the mechanics *and* the expectations.

Audit expectations: Completeness, judgment, and documentation

Auditors pay close attention to IFRS 16 because the potential for error is high. Three areas consistently determine whether your audit goes smoothly or becomes a bottleneck.

1. Completeness of your lease portfolio: Many companies underestimate how many leases they actually have. Embedded leases, low-value agreements, and local contracts can easily go unnoticed. Auditors will test your process for identifying every lease – because missing even a few can materially affect your financial statements.

2. Key judgments and estimates: Lease term, renewal options, discount rates, and indexation logic all involve management judgment. These assumptions must be both justified and consistent. A single error in assessing a renewal option or applying the wrong incremental borrowing rate (IBR) can distort reported liabilities and EBITDA.

3. Lease modifications and terminations: Leases rarely stay static. Extensions, early terminations, or scope changes can all affect both assets and liabilities. Spreadsheets struggle with these adjustments; the risk of manual miscalculation grows every time a contract changes. Auditors expect a robust process for tracking and documenting these modifications.





A short guide: Preparing before your auditor does

Start by creating visibility. Pull together every lease agreement – from property and equipment to vehicles and embedded service contracts – in one shared workspace. Then, review your policy assumptions: are discount rates documented? Are renewal options applied consistently?

Once the data and policies are in place, rehearse your audit narrative. Auditors love clarity, so be ready to show how you get from contract to calculation to report. A system that provides that traceability instantly cuts hours from the review process.





Streamline audits with quality data and documentation

The most stressful audits share a common thread: disorganized data. When lease information lives in multiple spreadsheets, version-control issues multiply, and inconsistencies creep in.

Auditors expect transparency, accuracy, and traceability in every lease record. The easiest way to meet those expectations is to build a single, structured source of truth before the audit begins.

When all your lease data and calculations are centralized in one controlled system, you gain three immediate benefits:

First, clarity. You remove the confusion of “final_v3_revised” spreadsheets and give everyone – auditors included – a single dataset.

Second, traceability. Every number should be traceable from the signed contract to the balance sheet. A dedicated system provides a full audit trail of each modification, decision, and calculation step.

And third, accuracy. Even small errors in lease data can materially impact results. Systems designed for IFRS 16 remove human error by automating calculations, ensuring that auditors see precise, verifiable figures.

As Havneraas notes, “When auditors can trace figures straight from contract to report, everything else becomes faster and calmer.”

A practical way to think about this is to imagine your auditor sitting beside you. Could they, in two clicks, see how a number in your balance sheet ties back to the lease contract? If the answer is yes, you’re already ahead of most companies.

Avoid IFRS 16 errors that delay close

Even the most experienced finance teams encounter IFRS 16 mistakes – and they almost always come from manual handling.

Spreadsheets, while familiar, simply aren't built for complex lease portfolios. They grow fragile as the number of leases increases. A single broken formula can throw off the entire model, and finding it can take hours.

The most common pitfalls include:

- Entering wrong start or end dates
- Misunderstanding renewal or indexation clauses
- Failing to include all leases, especially local or embedded contracts
- Misapplying discount rates

Each mistake carries risk: inaccurate ROU assets, inflated liabilities, and delayed audits.

The solution lies in balancing central control with local responsibility. Local teams should manage the contracts they know best, while finance retains control over calculations, interest rates, and disclosures. That combination of decentralized input and centralized governance ensures both completeness and accuracy.

Think of it as choreography rather than control. The finance team leads the dance – setting tempo, logic, and rules – while each local manager brings the right moves by keeping contracts up to date. Done right, it becomes a rhythm that keeps everyone in sync long before the year-end performance.



**HOUSE OF
CONTROL**

Save time and stay compliant with automation

For many finance teams, IFRS 16 still means long hours of recalculating schedules and reconciling differences in December and January. Manual work consumes time and increases the risk of human error.

Automation changes everything.

Dedicated IFRS 16 solutions can automatically handle re-measurements, index adjustments, and journal postings in seconds. When a lease changes, the system updates instantly. If it's integrated with your ERP or consolidation tool, the general ledger reflects the change immediately.

Havneraas recalls one customer who cut their IFRS 16 workload by half after moving from spreadsheets to an automated system.

Automation doesn't just save time; it builds confidence. It gives auditors instant traceability, CFOs real-time oversight, and finance teams space to focus on analysis rather than data correction.

And as Havneraas often reminds his audience: "Time is money, but control is confidence."





Guiding your team toward automation

Transitioning to automation isn't an overnight decision. Start by mapping your current pain points: where does time disappear, and where do errors appear? Then choose a system that fits your structure and scale.

Set a timeline: migrate core leases first, validate calculations, then roll out to subsidiaries. The best systems, like House of Control's IFRS 16 solution, let you integrate gradually while maintaining full visibility throughout the process. Within one or two reporting cycles, you'll see the difference in both efficiency and peace of mind.

Compliance is continuous – not a year-end sprint

One of the most common mistakes companies make is treating IFRS 16 as a once-a-year exercise. The result? Stressful closings and rushed reconciliations.

IFRS 16 compliance is an ongoing process. Every lease modification, renewal, or termination should be reflected immediately in your system. When updates happen in real time, your balance sheet and disclosures stay accurate throughout the year, not just at audit time.

A real-time IFRS 16 platform ensures that every stakeholder, from local controllers to auditors, works with current and consistent data. It replaces the year-end scramble with steady control.

By combining quality data, automation, and real-time insight, you turn IFRS 16 from a compliance task into a foundation for better financial management all year round.

As Havneraas puts it, "When you work continuously, year-end becomes a formality – and not a fire drill."



Your checklist for a smooth IFRS 16 year-end close

1. Verify lease completeness. Confirm every active lease is accounted for, including embedded, low-value, and short-term leases. Coordinate with departments and subsidiaries to identify missing contracts.

2. Centralize documentation. Gather all agreements, amendments, and terminations in one secure digital location for easy access and audit traceability.

3. Validate assumptions. Review discount rates, renewal options, and indexation logic. Ensure your IFRS 16 policies are clear, justified, and applied consistently across all entities.

4. Track modifications and terminations. Maintain a clear record of every lease change during the year. These are key focus areas for auditors.

5. Balance responsibility. Let local teams maintain contract-level accuracy while finance controls accounting logic and disclosure consistency.

6. Reconcile and review early. Run roll-forward reports, validate journal postings, and trace figures from contracts to final statements — well before audit season.

Following this checklist means fewer surprises, faster closings, and an easier audit – every time.



HOUSE OF CONTROL

Turning year-end challenges into confidence

Year-end will always be busy. But IFRS 16 doesn't need to be the reason for late nights and endless reconciliations. By replacing manual processes with structured, automated systems, you save time, reduce risk, and ensure every figure is audit-ready.

House of Control's IFRS 16 solution is designed to simplify complex processes. It works by centralizing data, automating calculations, and keeping you compliant in real time. It helps you move from firefighting to foresight, from last-minute stress to lasting control.

When you combine accurate data, automation, and the right systems, IFRS 16 becomes more than a standard. It becomes proof that your finance team is in control.





HOUSE OF
CONTROL

Thank you for your interest in **House of Control!**

Read more about our IFRS 16 solution:

IFRS 16 software

Contact

House of Control AS
O.H. Bangs vei 70 1363 Høvik, Norway
+47 815 66 355

www.houseofcontrol.com
mops@houseofcontrol.com
Follow us: [LinkedIn](#)