

Solution:

- (1) This is clearly an operational lease. Rental expenses are considered operational lease because there is practically no ownership of the property.
- (2) This is a capital lease. This is a long-term offer, with an option to buy the entire property after a few years, which according to US GAAP, certifies it as a capital lease.
- (3) This is operational lease. Though it is quite long, there is no option to buy the car, quantifying it as an operational lease.
- (4) This is a capital lease. It satisfies all the criteria of US GAAP.
- (5) This is a capital lease.