Solution:

(1)

Let the lease payment be $P per year. Then $100,000 is the value of the annuity of $P for 3 years at 8% interest rate.

By using the annuity table, we see that $100,000 = $P x 2.5771, which gives P = $38,803.31.

Thus, the yearly payment will be **$38,803.31**.

(2)

The yearly journal entry for operating lease is as follows:

JOURNAL ENTRY FOR OPERATING LEASE
(Amount in $)

Date	Particulars	Debit	Credit
[End of the year]	Rent Expense	38,803.31	
	To Cash		38,803.31
	(Being lease payment for the computers.)		

(3)

ANALYTICAL SCHEDULE OF LEASE PAYMENT
(Amounts in $)

Year	Lease Liability (Begin)	Interest Expense	Lease Payment	Lease Liability (End)
2011	100,000.00	8,000.00	38,803.31	69,196.69
2012	69,196.69	5,535.74	38,803.31	35,929.12
2013	35,929.12	2,873.19	38,803.31	0.00

(4)

Using the balance sheet equation, we can easily prepare the same.

(5)

The journal entries are written on the next page:

JOURNAL ENTRY FOR CAPITAL LEASE (Amount in $)			
Date	Particulars	Debit	Credit
31 Dec 2010	Leased Computers To Lease Liability (Being lease acquisition of computers.)	100,000.00	 100,000.00

31 Dec 2011	(a)**Lease Entry**
	Lease Liability
	Interest Expense
	  To Cash
	
	(b)**Amortization**
	Amortization Expense
	  To Leased Computers
		
		30,803.31
		8,000.00
		
		33,333.33
			
			38,803.31
			
			33,333.33

31 Dec 2012	(a)**Lease Entry**
	Lease Liability
	Interest Expense
	  To Cash
	
	(b)**Amortization**
	Amortization Expense
	  To Leased Computers
		
		33,267.57
		5,535.74
		
		33,333.33
			
			38,803.31
			
			33,333.33

31 Dec 2013	(a)**Lease Entry**
	Lease Liability
	Interest Expense
	  To Cash
	
	(b)**Amortization**
	Amortization Expense
	  To Leased Computers
		
		35,930.12
		2,873.19
		
		33,333.33
			
			38,803.31
			
			33,333.33