

Solution:

In the previous problem, we did not amortization, but when added we need to consider the expense of amortization to be $\$74,607/3 = \$24,869$ per year.

We construct the table below:

TABLE OF COMPARISON
(Amounts in \$)

	Operating Lease (1)	Capital Lease (2)	Difference (1)-(2)
Total Expenses			
2011	30,000.0	32,329.7	-2,329.7
2012	30,000.0	30,074.8	-74.8
Two years together	60,000.0	62,404.5	-2,404.5
End of 2011			
Total assets	-30,000.0	-54,869.0	24,869.0
Total liabilities	0.0	-22,539.3	22,539.3
Retained Earnings	-30,000	-32,329.7	2,329.7
End of 2012			
Total assets	-30,000.0	-54,869.0	24,869.0
Total liabilities	0.0	-24,794.2	24,794.2
Retained Earnings	-30,000.0	-30,074.8	74.8