**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  2012 | 30,000.0  30,000.0 | 32,329.7  30,074.8 | -2,329.7  -74.8 |
| Two years together  End of 2011    Total assets  Total liabilities | 60,000.0  -30,000.0  0.0 | 62,404.5  -54,869.0  -22,539.3 | -2,404.5  24,869.0  22,539.3 |
| Retained Earnings  End of 2012    Total assets  Total liabilities | -30,000  -30,000.0  0.0 | -32,329.7  -54,869.0  -24,794.2 | 2,329.7  24,869.0  24,794.2 |
| Retained Earnings | -30,000.0 | -30,074.8 | 74.8 |