

For analysis of comparable offers;  
 comparison of buy or lease;  
 classification of operating vs capital lease

	A	B	C	D	E	F	G	H	I	J
1	LEASE vs. PURCHASE			(fill in blue only)						
2	CAPITAL vs. OPERATING									
3										
4	options / choices / assumptions:				option 1		option 2		option 3	
5										
6	Reference				WP1		WP2		WP3	
7	item				Equipment		Fixture		Computer	
8	useful life of item (years)	Go to: Table B1 (IRS pub 946)			7		7		3	
9										
10										
11	purchase information:									
12	purchase cost (FMV)			(a)	\$ 10,000.00		\$ 8,000.00		\$ 20,000.00	
13	interest rate (lesser of internal rate of borrowing or stated lease rate)				10.000%		10.000%		10.000%	
14	term (months)				60		48		36	
15	monthly payment on loan				212.47		202.90		645.34	
16										
17										
18										
19	lease information:									
20	monthly lease cost				\$ 125.00		\$ 150.00		\$ 650.00	
21	ownership transfer at end of lease? (YES / NO)				NO		NO		NO	
22	purchase option @ end				\$ 4,000.00		\$ 1,000.00		\$ 1.00	
23	term (months)				60		60		36	
24	down payment, applied to lease				\$ -		\$ -		\$ -	
25	last payment / security deposit				\$ 125.00		\$ 320.00		\$ 650.00	
26	total lease payments				7,500.00		9,000.00		23,400.00	
27										
28										
29	min lease pymts - 1 year				1,500.00		1,800.00		7,800.00	
30	present value factor (5 years at 10%)				3.79079		3.79079		2.48685	
31	PV of future min lease payments				5,686.18		6,823.42		19,397.45	
32										
33	purchase option @ end, net of deposit applied				3,875.00		680.00		(649.00)	
34	present value factor				0.62092		0.62092		0.75131	
35					2,406.07		422.23		(487.60)	
36	PV of financing			(b)	\$ 8,217.25		\$ 7,565.64		\$ 19,559.84	
37										
38										
39										
40	Decision: buy or lease?			(b) or (a)	LEASE		LEASE		LEASE	
41										
42										
43	MEMO: Determination if Capital or Operating Lease:									
44	Ownership Transfer at end of lease?				NO		NO		NO	
45	Bargain Purchase Option?				NO		NO		YES	
46	Lease term > 75% of useful life?				NO		NO		NO	
47	PV of future min lease payments > 90% FMV?				NO		NO		YES	
48										
49	If any of the above criteria are "yes" than this is a capital lease.				OPERATING		OPERATING		CAPITAL	
50										
51										

hyper-linked to IRS publication

minimal input area  
(shaded area)

present value information  
automatically calculated

Decision results

Classification results

Calculates the proper response  
to capital lease capitalization criteria

Note: In addition this file includes a separate tab for loan amortization. Schedule includes:  
 1) Annual summary of interest and principal;  
 2) Summary considers fiscal year ends;  
 3) Includes feature for additional principal installments.  
 This schedule should satisfy most loan schedule requirements.