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| --- | --- | --- |
|  | **Assembly Equipment** | **Welding Equipment** |
| Yearly rental (paid at beginning of year) | $10,500 | $11,000 |
| Lease term | 12 years | 10 years |
| Estimated economic life | 20 years | 10 years |
| Purchase option | No | $5,000 at end of lease |
| Renewal option | No | No |
| Fair market value at beginning of lease | $100,000 | $75,000 |
| Cost of asset to lessor | $100,000 |  |
| Guaranteed residual value | None | $5,000 |
| Unguaranteed residual value | None | None |
| Executory costs | None | None |
| Paid by Panache | $1,000 per year | None |
| Paid by lessor (maintenance) | None | $1,000 per year (est.) |
| Implicit rate of lessor | Not known | 8% |
| Estimated fair market value at end of lease | $10,000 | $5,000 |
| Date lease was entered into | January 1, 2011 | January 1, 2012 |