## BWEEK ASSINGAMENT.

Cost of Debt! Debt generally has the

Following characteristics

=) Fixed payment

=) Tax deducition

=) Lossof controll

Asa consequence Deb+Shoutelin clude. => Any interest, - bear ing liability, whether

Short + Hong or Longton

=) Any lease obligation, whether operating oreapital.

\* Estimating cost of debt:

Estimating [ It Rated - costofdebt, creditions cost of debt L not recited por last borrowed ). synthetic Ruting.

estimatings on thetic natings. The nating Eon a firm an be estimated using the Financial chanactitics of the Firm!

Interest Coverage natio = EBIT/Interest Expenses.

Cost of Debt Formula: Meridian RET PSX(1-t) Risk Free Rate + Defult spored x (1-1 Just Modeller HSW COMEDINA THE STANDARD WILLIAM some interest tearing hability Shoul + tend or ionation Must record obligation who the reporting ore applied-\* Estimating us tofdebt. 131 mating TI Rated - 1005 to Pack to Credition tiles costos subst motradedir last borrowed. SUMMERIC RUSING. Estimating sunthetic gratings. no nating to a criman be estimated wing the financial chancetitie of the