cost of debt and equity.

Rewrite

debt duble:-

fixed payment loan liability loan

abilities limitation any security.

General Rules:-

⇒ commitement to maket fixed

in the futer.

⇒ the fixed payment are tax

debt c?ible.

⇒ failure to maket payment

can lead eather debt or Loss control

of the firm payment amount payment

due.

⇒ any interest debt should include

short term or long trems.

⇒ any Leas obiligation where

operating or capital. beta is used.

Debt:-

Debt ⟵ → fixed payment

→ tax dedication.

→ Less of control

estimated cost of Debt → interest → cost of d

→ not valed ← Loss borrowing interest

systematic

syllabus

⇒ Charge of finance

⇒ interest coverage ratio

EBIT / interest expenses.

⇒ per tax cost of debt = risk free + default spread rate

⇒ after tax cost of debt = risk free return x default spread

Cost of Equity :-

⇒ The rate of return an investor requires from an equity investment for it to be worth the risk.

⇒ The cost of equity is the returns that ~~the~~ company requires. decide on investment meet capital return requirement firm often use it as capital budgeting threshold for the required rate of return.

⇒ Cost of equity = $\frac{\text{next years divident per share}}{\text{current market value of share}}$

⇒ The risk free rate plus product of beta and equity risk premium.

Risk free rate (rf) ⇒ yield on 10 years bound beta (B) ⇒ systematic Risk.

⇒ The rate of returns an investor required in order to compensate for the risk investment in the stock.

⇒ The capital assets pricing model [CAPM] for cost of equity – expected returns by common share holder is equal to risk free rate.

⇒ formula = total equity = Total assets − total lia

⇒ total assets are all that a business or a company owns.

⇒ This included money, investment equipment anything value and can exchange of cash.

Growth rate of divident.

=> Cost of equity = Risk free rate of return + beta(market Rate of return − Risk free Rate of returns.

=> Total asset that also canke.
Company can be asset. owner.
Risk and macRued woll the manager to chas the.

=> That included, invostorse, money, eauthix that can be exchange of Cash.

=> The rate of returns requied ment that can be event. Cost of equity.

=> next didivent for share current market share. cost of equity.

=> The returns that a company required capital returns and requirements. eprms often use to call a custom budgeting

[illegible] [illegible] state of [illegible]