ASSINGMENT-8. 1) Explain cost of debt and confits of Debt: Gost adabt !-* cost of debt is to total interest expenses accorded on debt , simply , the cost of debt is the effective Interest rate on the Total amount of interest that a company holand and individual owes on any liabilities, such as bondsound loans This expense can refer to either the hefore tax or often tooc cost of debt. The degree of the cost of debt Eastlepends entroy on the borrough's the credit wonthinks 20 Stugher COS + mean the borrower is considered suskey. The cost of debt is the estactive rate that a company pays enite debit such as bonds and learn with his Debt is one past of a company capital Structure with the other being equity and coling Calculating the cost of debt Involy sink Siding the a wreey miest said on all psia rogreng is creacting, Inventing, with the appartice of invention of antice of the concine. ANT unt your Terriquet 108 doubt 2brom porell- Tax cestios clecit = [Risk blea sad musicalis sprant x (intain richter); Solvency; and Figurial Tor the timeralu opinique, mitais hadde of business. It muse to second to suchash A Itish Shapshot ophic long He in projects. Confiany Cash Position Ineweighted Incrementalization Overspecific finerenial Flow is primaxily used forthe evaluating the Propriation & like amonth survices and winability of Individualist

Bedere daze of lest of oblist. (million x interest note) + ban role) 1,200,000 coloulating by overage intourt note and free law cochet delit. Bonefits of debti-*Tox perofits Interest exercises and other day dut trading to entire * Lower Cost of Copital: Debt is generally chappen than equity expecially For large, Stable companies. *Increased financial lawrigh: pett returns on Equity Ordinaring Shove Addervalue. *Improced oush Flows pet conprise Liquidity, belong compains margon cash flow. * Investment Financing: Debt Facilities Investments in assets prospecte ON acquistions. *Risk management:

Debt can hedge opposit interest mate on currency Fact colions.