**14TH WEEK ASSIGNMENT AND ACTIVITIES**

**ASSIGNMENT**

1. Explain the Pathways to the optimal capital structure.

2. Explain the limitations of cost of capital approach.

3. Why cash flows across time are not comparable? Explain

**ACTIVITIES**

1. Draw the reason: Based upon the financing hierarchy described in this chapter, what types of securities would you expect financially strong firms to issue? What about financially weak firms?