

Chapter 14 Topics

This is a general guideline and should be viewed as such. Anything covered in class can be tested.

1. Importance of cost of capital
2. Understand and be able to calculate:
 - (a) Cost of Equity
 - (b) Cost of Debt
 - (c) Capital structure weights
 - (d) WACC
3. Issues with WACC
 - (a) When is WACC inappropriate?
 - (b) Solutions:
 - i. Pure play
 - ii. Subjective