

Cost of capital

1. What is cost of capital? Discuss the features of cost of capital.
2. Discuss the components of cost of capital.
3. How will you estimate the cost of equity capital? How does it differ from cost of preferred capital? (2009)
4. What is meant by cost of retained earnings? (2009)
5. What do you mean by WACC? Why and how is it calculates? (2010)
6. Define floatation cost. How does it affect cost of capital? (2013, 2008)
7. Mention three factors that affect the cost of capital generally beyond the firm's control. (2008)
8. Why debt is considered as the cheapest sources of finance?
9. What is weighted marginal cost of capital? (2011)
10. Explain why the cost of new common stock is higher than the cost of retained earnings?
11. Differentiate between weighted cost of capital and marginal cost of capital.