

Example 01

Bosilu Company pays Rs. 3/- dividend per share for a year. The market price of a share of this company is Rs. 25/-.

Calculate: Cost of Equity of the Bosilu company.

Example 02

Thimma Ltd recently disclosed a dividend of Rs. 5/- and yet to be paid. An Ordinary share of this company is trading at Rs. 30/- per share at the moment.

Calculate: Cost of Equity of the company

Example 03

Bio Tharu Ltd paid a dividend of Rs. 4/- per share. An ordinary share will be issued at Rs. 23/- per share. The issuing cost per share is Rs. 3/-.

Calculate: Cost of Equity of the company.

Example 04

Micro Company Ltd paid a dividend of Rs. 5/- per share. An ordinary share is trading at Rs. 60/- per share in the market. The dividend is expected to grow at 5% annually.

Calculate: Cost of Equity of the company.

Example 05

Troublemaker JK PLC pays Rs. 10/- dividend per share for a year. The market Price of a Preference share of this company is Rs. 80/-.

Calculate: Cost of Cost of preference shares of the company.

Example 06

Azrar PLC has issued 12% Preference Shares. These shares are trading at Rs. 90. These shares are redeemable after 10 years at Rs. 100.

Calculate: Cost of Preference Share Capital.

Example 07

Radio Kalutara Company has issued 500,000 irredeemable, 12% debentures at Rs. 100 each. These debentures are not listed in any exchange and tax rate of the company is 28%.

You are required to calculate the cost of debt Capital.

Example 08

Mash PLC has issued 12% debentures. These debentures are trading at Rs. 90. The applicable tax rate for the company is 28%. These debentures are redeemable after 10 years at Rs. 100.

You are required to calculate the cost of debt Capital.

Example 09

Current market price of a debenture issued by LD Studio Company is Rs. 90. The company pays annual interest of Rs. 12 per debenture. If the tax rate of Company is 28%, compute the cost of debt capital.

Example 10

Capital structure of Rasangi PLC is as follows,

Ordinary Share Capital (issued at Rs. 10/-)	1,000,000,000
6% Preference Shares (issued at par)	50,000,000
Non-Current Liabilities	
12% Rs. 100 Debentures	350,000,000

Cost of Equity Capital, Cost of Preference Share Capital and Cost of the Debt Capital are respectively 18%, 12% and 15%. Applicable tax rate is 20%.

Calculate: Weighted Average Cost of Capital of the Company