

HW - Chapter 4 - Cost of Capital - Q2

$$K_d = \frac{Int(1-t) + (RV-NP)/n}{\{(RV+NP)/2\}}$$

$$= \frac{\{Rs. 10(1-0.35) + (100 - 110)/5\}}{(Rs. 100 + Rs. 110)/2}$$

$$= 0.0428 \text{ or } 4.28\%$$