

Ans) Cost of Capital is the return (i.e.) expected by investor who provide Capital for a business and this cost is paid for the remaining money to profit since it generates a specific numbers that determines profitability. It used to determine the hurdle rate.

for Investment Cost of Capital is dependent on the degree of perceived risk. An investor always wants to put money into a company that will exceed the cost of Capital and thus generate returns that are proportional with the risk.

Cost of Capital includes
debt equity and any
type of capital. AIC content
and financial analysis use
the weighted Average Cost
of Capital.