







► All Journals ► Applied Financial Economics ► List of Issues ▶ Volume 21, Issue 11 Weighted average cost of capital in the

Applied Financial Economics > Volume 21, 2011 - Issue 11

2,922 98

Views CrossRef citations to date Altmetric

Original Articles

Weighted average cost of capital in the theory of Modigliani-Miller, modified for a finite lifetime company

Peter Brusov Matali Orehova & Nastia Brusova

Pages 815-824 | Published online: 04 Jan 2011

66 Cite this article https://doi.org/10.1080/09603107.2010.537635

> Sample our Business & Industry Journals >> Sign in here to start your access to the latest two volumes for 14 days

Full Article

Figures & data

References

66 Citations

Metrics

Reprints & Permissions

Read this article

Abstract

The theo

based o

the acco

number

that all

less stu

inclu

Weighte

compan

arbitrary

expressi

the first

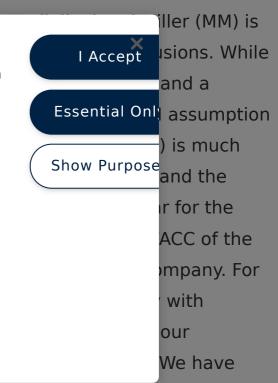
List of Partners (vendors)

We Care About Your Privacy

We and our 845 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. Privacy Policy

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.



solved the obtained equation for a 2 year company and compared this result with those

of Myers and MM. It shows that WACC values for 2 year company is closer to MM (perpetuity) limit than to Myers (1 year) one at small equity cost (just above the debt cost) while at bigger equity cost, it is closer to Myers limit than to MM one. Algorithm for finding of WACC in the case of arbitrary lifetime of the project has been developed. The use of the obtained equations for the projects of n years, and for companies operating in the market n years significantly alters the assessment of the WACC of the company.

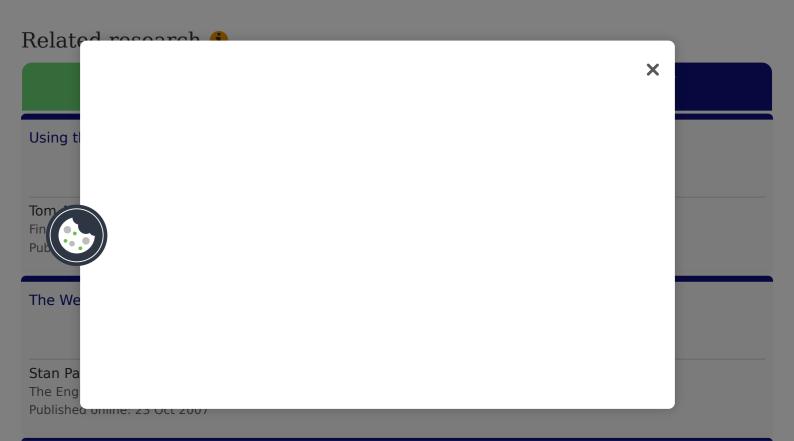
Related Research Data

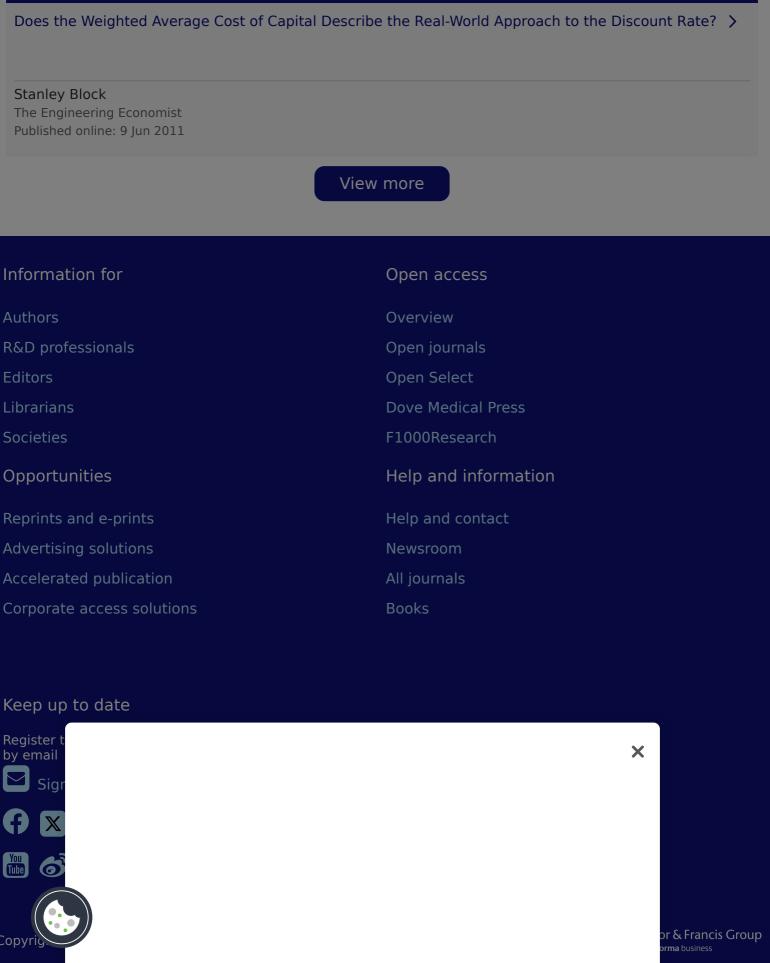
New Models for Analyzing Changes in Company Value Based on Stochastic Discount Rates

Source: Financial University under the Government of the Russian Federation Interactions of Corporate Financing and Investment Decisions-Implications for Capital Budgeting

Source: Wiley

Linking provided by Schole plorer





5 Howick P